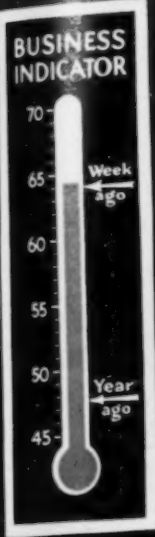


MAR. 24
1934

MAR 27 1934

BUSINESS WEEK



McGRAW-HILL
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COMPANY, INC.

MOTOR SPOKESMAN—W. S. Knudsen, executive vice president of General Motors, defines the union issue before the Labor Board.

20 CENTS

Smith
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WEEK

REO CREATES NEW VALUE FOR YOUR TRUCK DOLLAR



BUYERS need only glance at the specifications to see that the 1½-2½ ton Reo Speedwagon at \$595 represents something entirely new in truck values. A Reo of this size at this figure is wholly without precedent.

It creates a new value for your truck dollar—establishes a buying opportunity that not even Reo has offered before.

This truck has more than mere price appeal. It is actually a **TRUCK** in every sense of the word—not an assembly of passenger car parts. The exceptional power and long life of the Reo-built

Gold Crown Engine insure a range and regularity of service that has heretofore called for an investment of hundreds of dollars more.

In fact, the entire 15 superiorities with which Reo now challenges the field for low cost truck performance are distinct and *provable* superiorities. Others may equal Reo in a few of the points—but none can match all. Prove this to your own satisfaction by examining the Reo "Book of Superiorities".

Reo Speedwagons and Trucks range from ½ to 4-6 tons. New low prices—\$530 and up. 32 wheelbases, all with Reo Gold Crown Engines. Tractor-Trailer units with correct load distribution and maximum payload capacity. All prices chassis f. o. b. Lansing, plus tax.

THE QUALITY TRUCK IN THE LOW PRICE FIELD



The Reo built gasoline-saving two-speed rear axle unit gives you the equivalent of two motor sizes. Greater flexibility and economy for all types of work. Available at only slight extra cost.



The Reo Truck Performance Gauge gives the exact answer as to the truck best suited for your job. Before buying a truck, ask a Reo salesman to use this Gauge to determine your requirements.



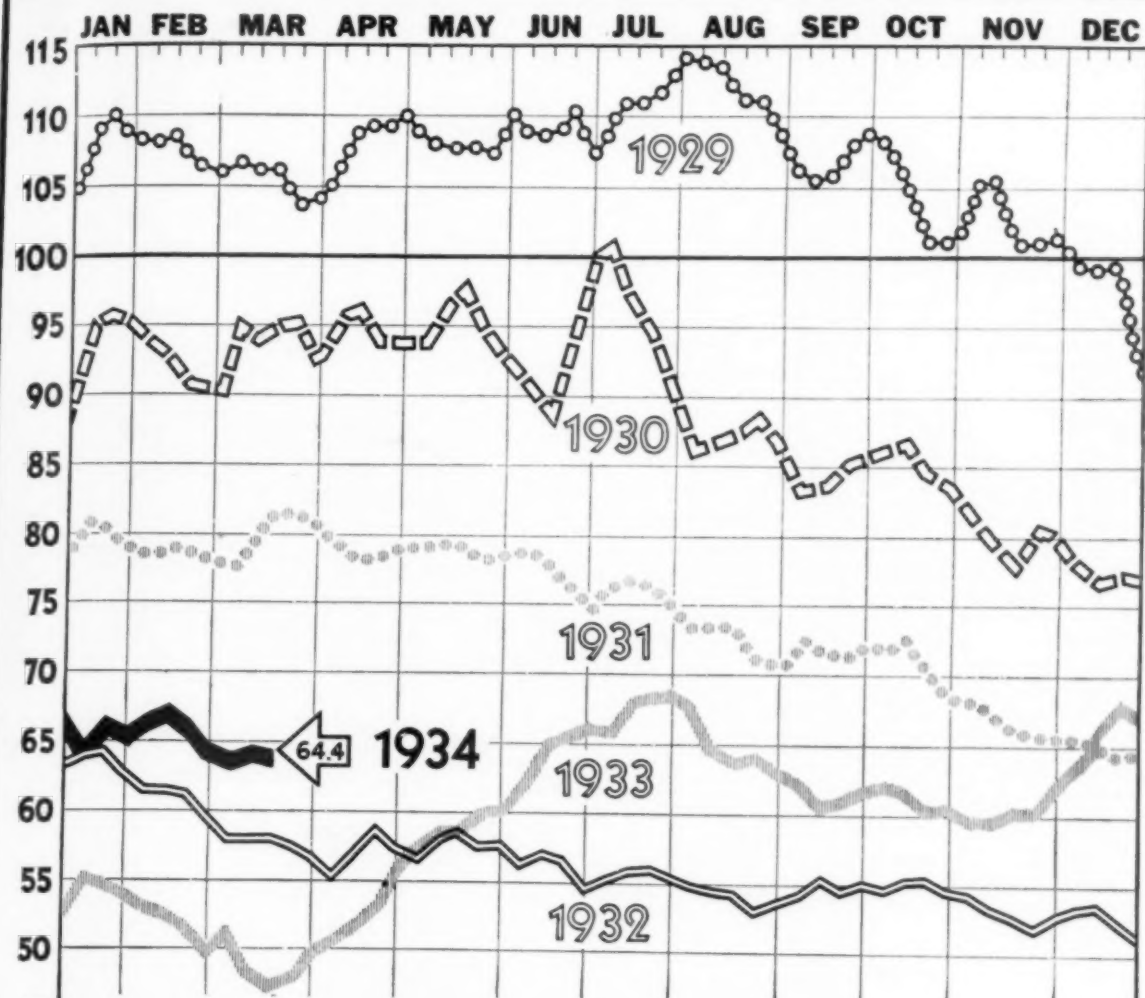
Use This Book In Choosing Your Next Truck!

This book will serve you as an excellent guide in the correct selection of your next truck. In addition to the 15 superiorities with which Reo challenges the field for low cost truck performance, it supplies accurate and invaluable data with which you may compare all trucks in the low price range. Why buy a truck without first looking into the facts and making sure of getting the most value for your money? Write Reo today for the "Truck Superiority Book." No cost, no obligation.



REO MOTOR CAR COMPANY LANSING MICHIGAN

BUSINESS WEEK (with which is combined The Magazine of Business) March 24, 1934, No. 238. Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; B. H. Putnam, Secretary. \$5.00 per year, in U. S. A. and possessions; 30 shillings per year in all foreign countries. 20c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1934 by McGraw-Hill Publishing Company, Inc. Printed by The Schenker Press, N. Y.



BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

Latest Week	Preceding Week	Year Ago	1929-33 Average
*64.4	64.8	47.7	77.9

PRODUCTION

★ Steel Ingot Operation (% of capacity)	46.8	46.2	14	53
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4 week basis)	\$4,596	\$4,562	\$2,330	\$9,500
★ Bituminous Coal (daily average, 1,000 tons)	*1,396	*1,379	920	1,346
★ Electric Power (millions K. W. H.)	1,550	1,647	1,375	1,602

TRADE

Total Carloadings (daily average, 1,000 cars)	102	101	74	119
★ Miscellaneous & L. C. L. Carloadings (daily average, 1,000 cars)	64	61	49	78
★ Check Payments (outside N. Y. City, millions)	\$2,940	\$3,217	1	\$4,626
★ Money in Circulation (daily average, millions)	\$5,364	\$5,386	\$6,973	\$5,267

PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$0.83	\$0.82	\$0.50	\$0.78
Cotton (middling, New York, lb.)	\$0.123	\$0.124	\$0.065	\$0.121
Iron and Steel (STEEL, composite, ton)	\$32.40	\$32.40	\$28.35	\$32.18
Copper (electrolytic, l.o.b. refinery, lb.)	\$0.078	\$0.078	\$0.052	\$0.119
All Commodities (Fisher's Index, 1926 = 100)	74.6	74.5	56.1	76.9

FINANCE

Federal Reserve Credit Outstanding (daily average, millions)	\$2,530	\$2,549	\$3,476	\$1,729
Loans and Investments, Federal Reserve rep't'g member banks (millions)	\$17,513	\$17,425	\$16,017	
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,688	\$4,673	\$4,626	
Security Loans, Federal Reserve reporting member banks (millions)	\$3,593	\$3,495	\$3,762	
Brokers' Loans, N. Y. Federal Reserve rep't'g member banks (millions)	\$923	\$844	\$388	\$2,423
Stock Prices (average 100 stocks, Herald Tribune)	\$102.34	\$103.24	\$84.08	\$134.73
Bond Prices (Dow, Jones, average 40 bonds)	\$93.13	\$92.82	\$76.23	\$88.65
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	4 1/2%	4.1%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1 1/2%	1 1/2%	4-4 1/2%	4.1%
Business Failures (Dun and Bradstreet, number)	249	260	382	535

*Preliminary †Revised ‡Not reported—holiday §4-year average, 1929-1932 ★ Factor in Business Week Index



MEN MAKE STEEL

The skill of MEN is still
of vital importance in the

making of steel. The color of a flame, the "feel" of the rolling mills, the sounds of the machinery have meanings which no robot can interpret. A large responsibility for quality depends upon the keen perceptions of individuals, even with the mechanical marvels that are found in the steel



mills of today. In the mills of Jones & Laughlin the high competence of skilled workmen is a heritage which has been passed along from generation to generation over a period of 84 years. This is one reason for the dependable quality of J&L steel products.

J&L STEEL PRODUCTS—Open Hearth and Bessemer Steel

Billets, Sheet Bars, Skelp . . . Hot Rolled Bars, Plates, Shapes, Strip and Sheets . . . Light Weight Channels . . . Railroad Spikes and Tie Plates . . . Bars for Concrete Reinforcement . . . Forging Steel . . . Jalcase Steel . . . Cold Finished Steel . . . Steel Piling . . . Junior Beams . . . Fabricated Structural Work . . . Standard Pipe . . . Oil Country Pipe . . . Boiler Tubes . . . Mechanical Tubing . . . Wire Rods and Wire Products . . . Tin Plate and Black Sheets . . . Coke By-Products

JONES & LAUGHLIN STEEL CORPORATION

AMERICAN IRON AND STEEL WORKS
JONES & LAUGHLIN BUILDING, PITTSBURGH, PENNSYLVANIA

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MARCI

The Business Outlook

FIRST serious threats to the success of the recovery program loomed up in several directions this week. Labor was restive, codes were attacked—the prestige of the NRA, the American Federation of Labor, the Federal Trade Commission, and the railroad brotherhoods are all at stake. The President himself had to intervene to avert an immediate open break in the automobile industry, and he thought it time to exert his influence in the railroad wage dispute.

But all these black clouds did little to chill business activity. The securities and commodities markets wavered, it is true. But highly encouraging reports on employment, building construction, and retail trade partly offset uneasiness over less cheerful developments. Steel plants, for example, are still going at a good rate, in spite of a little slackening in orders from Detroit. Coal production is rising, instead of falling as it should, now that spring weather is here. Power consumption and car loadings continue to increase.

All Eyes on Detroit

Interest of business men, manufacturers particularly, focuses upon the automobile labor struggle. All the automobile makers are involved, except Ford, who has his own ideas on labor and his own way of handling labor relations. But it seemed to on-lookers that defeat in Detroit would be a terrific blow to the American Federation of Labor; victory would foreshadow a tremendous increase in its prestige and its aggressiveness in other industries.

Courts Kill Time

Labor men are wondering just how strong Section 7-a really is, and are keenly interested, of course, in the government's resort to the courts in an attempt to bend the Weirton Steel Co. to its will. But the feeling among labor leaders is that the time consumed in court proceedings will wipe out any advantage that labor might gain from winning. At the Budd plants, both union and company union men boycotted the NRA election—rather a complicated mess resulting.

A Code Assailed

Steel men, meanwhile, were having their own troubles. They are very much aware of what a Federation victory at Detroit might mean to them. More immediately, they didn't like the castigation inflicted by the Federal Trade Commission, with its savage attack on practices under the steel code—particularly the basing point system of pricing. Nor were they happy at having the advantage Detroit enjoys in price differentials re-emphasized for other important customers to see. It looks as if the

steel code will need some stout defending.

Steel Holds Its 47%

Meanwhile steel production is holding up well at nearly 47% of capacity. Rail buying is gathering impetus. A deadline on the bargain price for rails of \$36.37½ a ton has been announced for Apr. 15, with delivery up to Aug. 31. This leaves but 3 weeks for booking the rest of the season's rail business. With freight traffic gaining steadily, the roads should feel free to take full advantage of the price.

Tin Mills Active

Tin plate mills have been star performers among steel users for more than a year. Part of the current activity which has required 75% of the industry's capacity may be due to a desire to stock up supplies in case the wage agreements of the industry with the Amalgamated association are not amicably renewed July 1.

Steel is also concerned with the possible arrangements to be made in the bituminous coal industry in regard to wages and hours after Apr. 1. Higher fuel costs will not be welcomed at this time when steel prices are under attack and efforts are being made to increase labor costs.

Building Picks Up

The construction industry is outdoing itself this month to make up for the poor showing of February. Though only the first 13 days' records are available, the total awards in 37 states reporting to F. W. Dodge aggregate \$92.5 millions compared with \$96.7 millions in the whole of February. Moreover, residential and non-residential building are making relatively sharper gains over last month than public construction. Perhaps private funds are loosening up after the long drought.

Public works and utility contracts remain the most important group with a total of \$41.8 millions, but only this group failed to exceed its February

volume. On a daily basis, the month's gain is 33%, the year's gain 394%.

Perhaps 100% Gain

Building for non-residential purposes reflects the most significant recovery. With \$34.8 millions already in the hat for March, against \$29 millions for all of February, it looks as though a gain of 100% might be achieved. The region about Kansas City and New Orleans contributed nearly half of the early March awards.

Residential is hitting \$15.9 millions for the first half of March, which represents a substantial rise from the \$14.5 millions of February.

Distorted March Contrasts

By virtue of comparison with the 1933 low, electric power production has widened the spread over last year to 20%. Since recovery in power demand picked up rapidly after Mar. 19, 1933, it is likely that the breach will be sharply narrowed hereafter.

January distribution data, late but still good, indicate a 10% larger consumption of power than a year ago, yielding a 1% gain in revenues. Industrial users required 17% more than a year ago; domestic customers managed with 3% more.

Freight Rides the Rails

Freight traffic is steadily climbing to new peaks. The week of Mar. 10 reached 39% above a year ago, but the low figure of a year ago was the bottom of the freight depression.

Rail Wages Still Argued

Railroads are finding the wage problem more disagreeable than they anticipated. In spite of the plea of the President that the existing 10% cut remain in effect for a few months beyond July 1, the railroad unions have not been disposed to accept. Their proposal for restoration of the cut plus a 10% advance will be considered by Coordinator Eastman, accepted as arbitrator.

More Jobs, Better Pay

February employment in 89 manufacturing industries was back near the peak levels of last September and October, while payrolls were the highest since September, 1931. Payrolls expanded \$13.5 millions per week between January and February in manufacturing plants; employment gained 373,000. The motor industry called for 70,000 additional men, a 21% gain for the month, while payrolls rose 41%. March is certain to show further gains.

Employment in the agricultural implement industry gained 14.9%; in machine tools, 15%.

Goodrich Teams *with Santa Claus*

IF you are a father you will remember that ten-cent store automobile toys used to be made with metal or wood wheels—noisy, destructive, easily broken. Someone thought of rubber, and Goodrich showed him how. *Sales doubled.*

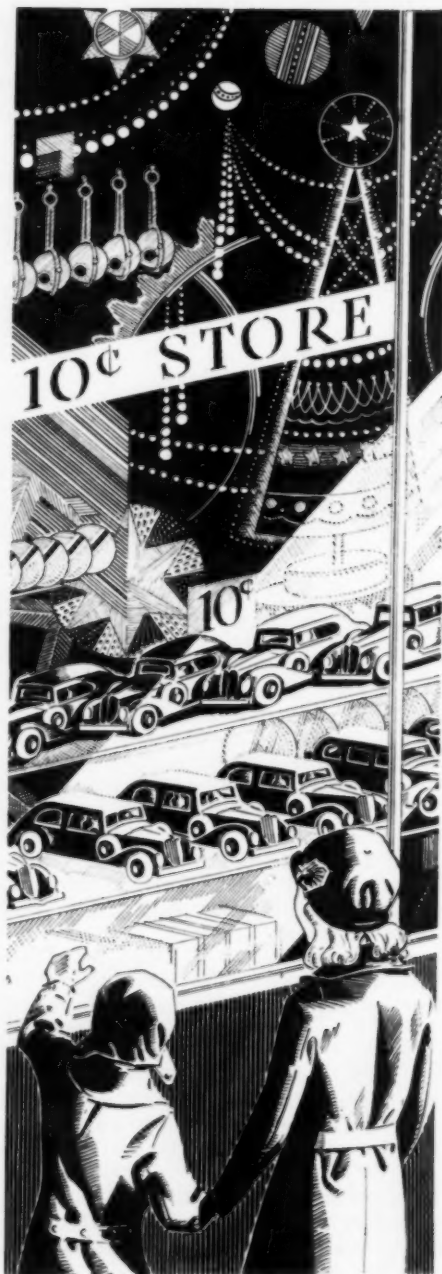
This and many other uses of rubber became practical when Goodrich engineers improved methods of compounding rubber and processing it inexpensively.

At once rubber's sales-building qualities of lightness, resiliency, long life became available to scores of additional uses and products—*perhaps your own.*

Almost every day Goodrich application engineers increase the already long list of industries and products in which rubber is adding sales features; or reducing noise, waste and costs; or permitting greater speed, lightness, comfort, life.

Rubber is on the march to constantly increasing usefulness in commerce and industry. And the leaders in the march are the Goodrich application engineers, whose aim is "All Problems, All Products in Rubber." The B. F. Goodrich Rubber Company, Mechanical Rubber Goods Division, Akron, Ohio.

• **GOODRICH MECHANICAL RUBBER GOODS ALREADY INCLUDE...** Conveyor, Elevator and Transmission Belting... Air, Steam, Water and Suction Hose... Rubber Lining for Storage, Pickling and Plating Tanks, Tank Cars, Pipe and Valves... Packing... Molded Rubber Products... Heels and Soles... and a Complete Line of Miscellaneous Rubber Items.



Competent Goodrich engineers are prepared to demonstrate the adaptability of rubber to practically any mechanical device; and are ready to cooperate with responsible manufacturers for the purpose of exploring the possibilities of rubber in the development and design of their products.



Goodrich *ALL products problems* IN RUBBER

Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Fighting to avert an automobile strike, President Roosevelt faced this week the most serious threat that so far has menaced his recovery program.

The radical fringe of the Brain Trust is enthusiastic for the Federation of Labor's effort to dominate the automobile industry. The radicals look forward to more complete domination of industry by workers. Conservative advisers of the President are horrified at two prospects: (1) That the recovery program may be smashed by strikes, and (2) the labor domination so ardently desired by the radical fringe.

The President is torn between forward-looking ideals and possible immediate effect on his recovery program. But he does insist stubbornly that a hungry striker is just like any other hungry man, and the government will feed him no matter how unjust the government may believe his cause.

Indications are that the Wagner bill will be greatly modified before securing the approval of Congress. The 30-hour bill has not much chance of becoming a law.

Notes on Margins

Further modification of the new stock exchange regulation bill seems likely, particularly with respect to margin requirements, and possibly, though not surely, in the measure of additional control of industry given the government and vested in the Federal Trade Commission. For example, such Senators as Black of Alabama regard the modified bill as still deflationary. Minimum margin requirement of 25% is not under attack, but addition of a maximum requirement of 40% appears likely. Promised relaxation of stringencies created by the Securities Act will be effected by amendments tacked onto the Stock Exchange Act.

Tax Plan Fought

Proposal by Chairman Pat Harrison, of the Senate Finance Committee, to revive the capital stock tax and excess profits taxes so that many nuisance taxes may be repealed is bringing a storm of protests. The committee showed itself conservative, however, in widening the range of earned income tax deduction from \$8,000 to

THIS WEEK

Should a striker eat at public expense?

How the railroad managers fumbled the ball.

Those "defeats" the President suffered—and how he takes them.

\$20,000 and refusing to "sock the rich" in surtax as La Follette urged. La Follette will take the fight on this to the Senate floor.

No Miracles Forecast

Little opposition is heard to the bill setting up credit banks for industry. Warning is sounded, however, not to expect any industrial miracle. Experience with the amendment to the Federal Reserve Act in 1932, providing for direct loans, indicates there is a lack of acceptable security for such loans. New legislation will demonstrate beyond question whether there is a demand for this type of credit. Claims by Governor Black and Chairman Jones that a large volume of such loans will be sought are discounted somewhat by less enthusiastic observers.

Railroad Wages

President Roosevelt's intervention averted a crisis in the rail wage controversy but gave the unions what they wanted sooner than they expected to get it. He confined negotiations, when resumed, to extension of the present 10% reduction agreement and provision for putting a bottom under wages of section hands, some of whom are not now protected by contracts. The managements queered their own game, forced the President to step in, by withdrawing their offer to continue the present agreement.

Oil Law Coming

Review by the Supreme Court of the Texas District Court's decision holding unconstitutional vital provisions of the oil code will come sooner than expected, but not sooner than the new bill for direct government control of the oil industry which Admin-

istrator Ickes is writing. Ickes expects the industry to take it and like it. He also predicts cordial reception of the bill by Congress. Its basis is control of interstate shipment rather than intrastate production. It is expected that the Industry Planning and Coordination Committee's new plan for refinery control, which the companies are bucking, will be used as a stop-gap until the bill is enacted into law.

Cotton Tax to Pass

Compulsory cotton crop control seems assured by prospective Congressional approval of the Bankhead bill taxing ginnings above 10 million bales at a prohibitive 50% rate. Secretary Wallace says the only other compulsory proceeding this year may be in tobacco, and that is not sure. If these work, then next year some other crop control measures probably will be compulsory.

Tokyo Watches Congress

New negotiations between Tokyo and Washington following indications Congress is ready to build up the navy to treaty strength are regarded as cause and effect. Authorization contemplates 100 new ships and 1,200 planes, costing up to \$1 billion in 5 years, with 10% profit limitation on private builders, half of ships and a tenth of the planes to be built in government plants, even though new government plants may have to be built.

Congress had given up hope of disarmament agreement when it passed the bill, and was actually surprised at its effect on Tokyo. Result, pacifists are redoubling pressure, saying building is now unnecessary. The hard-headed boys insist we get going on the new program and more miracles will happen.

F.D.R.O.K.

The President, despite new rumors, is in fine health. He demonstrates his ability to take it by radiating good humor to visitors despite the general impression he should be in the dumps over airmail and the gravity of the automobile labor row.

Actually, the alleged defeats on Capitol Hill are not important. He went through the motions required by the platform for the St. Lawrence Treaty, was defeated by geography. All states with important Atlantic and Gulf ports voted against the seaway. On the bonus, silver, etc., the President knows his local politics, and, knowing he can control eventual results, is not disturbed at individual votes against him. He is willing for the boys to make a little local political capital.

"We must get more business ... but How?"

The need for an immediate increase in volume results in a meeting attended by the President, Sales Manager and Treasurer.

PRESIDENT: These figures show that we need 30% more volume next month ... what do you suggest?

SALES MANAGER: I think we should put on another extra advertising campaign like we did last month, and perhaps we can reduce our prices.

PRESIDENT: How much did last month's special advertising increase sales?

SALES MANAGER: Our sales records aren't finished yet for last month, but I believe a considerable volume can be traced to the campaign.

PRESIDENT: If we reduce prices—say 10%—how much would we have to increase our volume?

TREASURER: The new cost figures will be through in a couple of weeks ... then we will know for sure ... but I would guess ...

PRESIDENT: Why do we have to guess at a time like this?

TREASURER: Well, you know our cost and sales analysis system was put in when we didn't need figures so quickly ... with conditions as they are today, we should have complete figures every day.

PRESIDENT: Are you thinking of that system you were talking about the other day?

TREASURER: Yes.

PRESIDENT: What will it cost?

TREASURER: Cost? Nothing. We're making decisions right now without the latest figures, and too many of our decisions are wrong. And besides our collections are slow, because our statements go out late. The purchasing

department is often misled by our present stock records ...

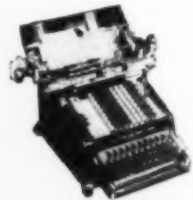
PRESIDENT: Well if we know what should be done, let's do it. We've been guessing long enough.

With a National Accounting System you can have, at any time, complete, up-to-the-minute information about sales and costs. You can get statements out on time—convert accounts receivable into cash more quickly ... keep inventories on a sound operating basis—maintain proper ratio between assets and liabilities.

Ask us to tell you about the new and better National methods of handling accounts receivable, accounts payable, distribution of payroll, distribution of sales and distribution of materials.



Class 2000
National Accounting Machine
The development of this machine has made it possible to secure distribution and analysis figures with a degree of speed and accuracy never before possible.



Class 3000
National Accounting System
The only accounting machine made which offers the advantages of a standard typewriter keyboard, a standard adding machine keyboard, and complete visibility of every operation.

THE *National Cash Register Co.*
DAYTON, OHIO

Cash Registers • Typewriting-Bookkeeping Machines • Analysis Machines • Bank-Bookkeeping Machines • Check-Writing and Signing Machines • Postage Meter Machines • Correct Posture Chairs



BUSINESS WEEK

MARCH 24, 1934

Labor Showdown

In the motor dispute, the recovery drive crashed into issues raised by the Recovery Act itself.

INDUSTRY and government shoved aside other recovery issues late this week to concentrate on the issue that is at the heart of all of them—labor. Labor had come to Washington to give the New Deal its most vital test to date. More important than all the questions unleashed by contending employers and workers was the question of whether the recovery forces could finish what they started in Section 7-a of the National Industrial Recovery Act. Facing that, most of the country overlooked the fact that a labor crisis was itself a sign of recovery. There are no strikes when there is no confidence.

The situation in the automobile industry drove the point home. The strike threat starting in the Hudson, Fisher Body, and Buick plants was not launched from a demand for higher wages or shorter hours. Automobile manufacturers called the issues "artificial." The dominant one was either collective bargaining or recognition of the American Federation of Labor, depending on where your sympathies led you to place the emphasis. It was brought into existence by Section 7-a.

That section of NIRA, guaranteeing workers the right to collective bargaining, put new life in the moribund Federation of Labor—without, however,

bringing it new leadership. Collective bargaining, said the Federation, meant organization, and the only machinery already set up for such organization was that of the A. F. of L.

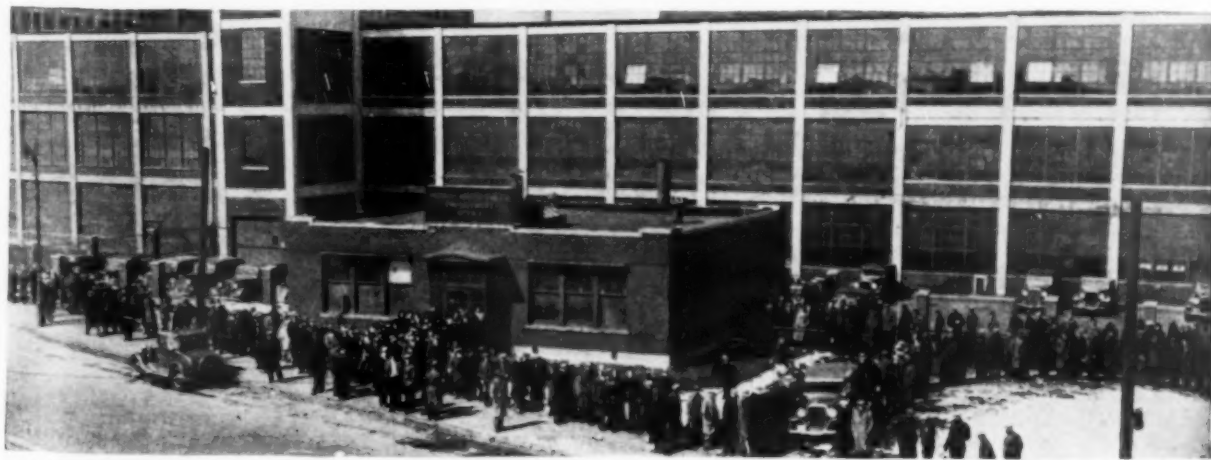
However, this error was quickly rectified. Employers recognized the possibilities and company unions of one kind and another, ranging from Mr. Weir's conception to Mr. Chrysler's, began to spring up in the wake of the Recovery Act. When Vice-President Collins got to Detroit to start the good work for the Federation he found that the once fallow field had been ploughed and a complete crop of employer-sponsored employee organizations was already in blossom. What made the going particularly hard for the A. F. of L. organizer was the well-known fact that the automobile industry boasts of high wages and of working conditions better than in many a tightly unionized industry. One thing that made it easier was the challenge implied in the automobile manufacturers' equally well-known determination that they would not be "unionized." Last fall they re-emphasized that determination by beating a strike started among the tool makers by a brand-new union organized for skilled workers by the Mechanics Educational Society (BW—Feb 8 '33).

Since then, Mr. Collins has been busily trying to entice automotive workers into A. F. of L. "federal unions," organized in plant units rather than on the old craft basis. Incidentally, he has been somewhat embarrassed by the fact that the Federation leaders are all champions of the craft organization, one reason being that they can control this kind of setup and don't—or rather do—know what a shift in organization and power might do to their jobs.

A Test of Strength

How much success Mr. Collins has had is highly problematical. The automobile unions have been reluctant to reveal their membership or strength. For one reason, they say that identified members quickly become unemployed members. They said that repeatedly at last week's hearings before the Labor Board. At the Hudson factory, they claim 70% of the employees. To the answer that the company union can prove that 90% of the workers are on its roster, they answer that wise A. F. of L. members also string along with the company organization—at least until the showdown. No Federation official has gone so far as to claim that the Federation has the majority of the industry's workers. One guess is that they can show 7,000 paid members in Flint and the guesser is a man who should know. But there are 42,000 men in the Flint plants.

When the National Automobile Chamber of Commerce made its offer, last week, of a 10% increase in wages



WOULD-BE STRIKE-BREAKERS—Crowds of applicants gathered at the big automobile plants in Detroit as soon as rumors of a strike in the industry were broadcast. Here's the lineup at the Hudson employment office.

and a cut from 40 to 36 hours, it was satisfied that the unions were not strong enough to strike in face of a general public persuasion that nothing was involved but recognition of the union. Particularly after General Motors' Vice-President W. S. Knudsen had told the Labor Board that the employers would recognize union officials accredited as negotiators for specific groups of workers. They were so well satisfied that Mr. Knudsen was commissioned to say flatly that the unions would not be recognized "as such." Throughout all the preliminaries the automobile executives fought to emphasize that "as such." The union leaders fought equally hard to put across the conviction that they are defending the broader issue of collective bargaining, and the rights of men who, they charged, have been eased out of the plants because they had decided that "collective bargaining" implied the A. F. of L. None denied that, whatever the complications, it was the Federation against the company unions.

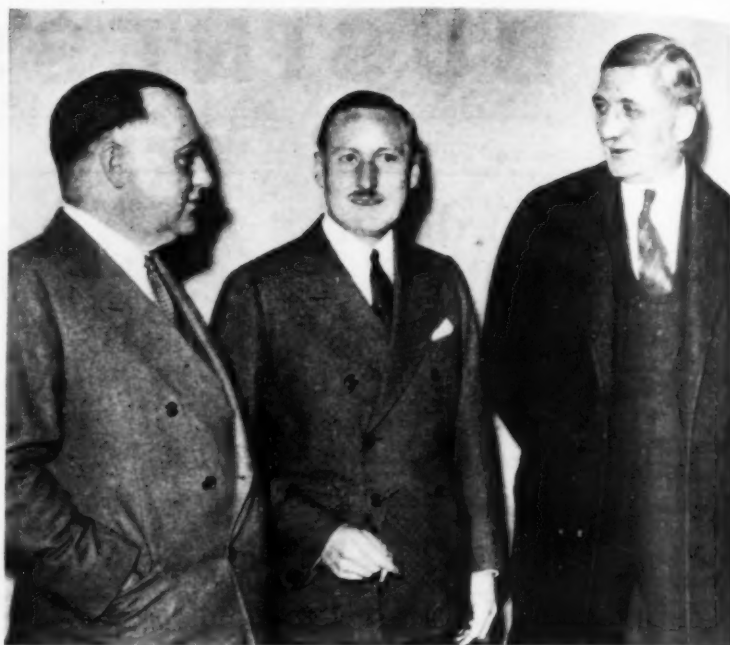
Demonstration Needed

When General Johnson, and later President Roosevelt, stepped into the picture, neutral observers close to union headquarters claim that they heard something suspiciously like a sigh of relief. Many not so neutral are persuaded that the Federation faced the prospect of a strike with deep distaste; was ready to welcome an "out" that would leave it with something—a mediation board, for instance—to prove to the rank and file that dues paid dividends. The unionization campaign had reached a point where that had to be demonstrated. Their hope was that the President could be maneuvered into aiding the demonstration through his concern for the continuance of the recovery drive. And their fear of what a strike might do to the demonstration was countered by hopes that the automobile industry would decide that so much of a concession to their prestige was cheaper than interruption of work at the peak of the production season. Later, they would develop the advantage.

Workers Aroused

All of which is, of course, talking in terms of staff strategy rather than in the earnest terms used by workers whose emotion over the somewhat abstract, if fundamental, question of collective bargaining proved a surprise to the Federation leaders themselves.

Strategy was the more important in that all parties concerned in this dispute have been conscious that what happened here would have repercussions throughout all industry. The issue that has arisen out of Section 7-a has not been peculiar to the automobile industry, except that it is particularly cleancut there. The steel industry which stood to be most affected by a motor strike was also sure to be affected by a decision, one



ON THE WARFRONT—General Motors led the fight to keep the A. F. of L. out of the automobile industry. This GM trio at the Washington hearing includes (left to right) E. F. Fisher, Fisher Body executive; H. H. Curtice, Buick president, and W. S. Knudsen, GM executive vice-president.

way or the other, on the question of union recognition. Its temper was shown by its leadership in this week's outburst against the threat of the Wagner bill's proposals to outlaw "employer-dominated" company unions—proposals put in a form that, to excited opponents, appeared to comprehend all except A. F. of L. unions.

Rail Argument

Strategy seemed to be overdone in the rail wage dispute where executives, talking of turning the workers' "temporary" 10% reduction into a permanent 15% one, and brotherhoods insisting on restoration of the 10% and a 10% raise on top of that, have been bluffing each other according to the best traditions of pre-NIRA bargaining. At the end of the week both sides had yielded to the President's insistence that they submit to the arbitration of Transportation Coordinator Joseph B. Eastman and were headed toward a continuance of the 10% reduction and a minimum wage for the bottom labor ranks whose pay has been agitating General Johnson.

Meanwhile, with the Department of Justice bringing suit against the Weirton Steel Co. for alleged denial of collective bargaining privileges to employees in connection with its famous plant election (*BW—Dec 23 '33*) and the Labor Board's election at the Edward G. Budd Co. Philadelphia plant turned into a farce by the refusal of A. F. of L. men to vote under its rules, it became apparent that Section 7-a needed no strike threats to keep it in the limelight.

Price-Fixing

As the Federal Trade Commission attacks the steel code, NRA moves toward a price policy.

THE Federal Trade Commission brought the temporarily dormant price control issue at NRA roughly into the open this week with its report to the Senate on the pricing provisions of the NRA steel code. NRA's own report on open-price associations, turned in to General Johnson almost simultaneously, fanned the controversy into flame.

The FTC report held that "there has been price-fixing" on steel founded on basing points in direct contravention to the commission's long-standing Pittsburgh-plus order, and that this "places powerful manufacturers in a position to compel the industry to discriminate in their favor." The net result, the report found, was a tendency to eliminate small manufacturers and revert to monopolistic practices once outlawed.

It added that the questions raised "can, of course, be submitted to the courts for determination," but also pointed to the provisions of NIRA which furnish means for the withdrawal from the enforcement of policies "which evidence a tendency to attain ends regarded by the Act as those that our national economy has discarded."

The NRA report on open prices and other pricing plans, prepared under the joint direction of Division Administrators A. D. Whiteside and W. A.

Harriman, emphasizes the liquid character of New Deal economics, in interesting contrast to the FTC report. It points out that code provisions can be easily modified under NIRA, but insists that free and unrestricted competition has been one of the primary causes of the demoralization and that new methods of regulating competition are amply justified. It asks for an opportunity to try out various price and cost regulations by practical experience, says this is the time to meet the issues—by the controlled test that NRA makes possible.

The method proposed is to set up a permanent price policy authority, as

final arbiter on all code trade practice provisions dealing with costs, prices, and sales policies. All existing code price provisions would be continued, subject to review and change if found abusive, but new ones would be submitted first to the price policy authority.

Open-price arrangements, with and without waiting periods, would be sanctioned if justified by conditions in the industry involved. Prohibitions against selling below cost are approved, pending review by the price policy authority. Quantity discounts would be approved if they could be shown to represent actual economies accruing to the seller because of the size of the order.

17'34), that the assembled industrialists held capital goods revival to be the keystone of the recovery arch. It took into consideration the showing of statisticians that the consumer goods industries had reached the peak of whatever production could be hoped for, or was desirable, until the capital goods industries and their employees could be brought back into the buying groups.

Already in Action

The decision taken has already been put into effect. The President has come out in support of direct government loans to industry (page 10). The NEC has had made a survey of construction needs of every sort, and of the means available and required to meet them. The Construction Industries Advisory Committee has just launched a study to determine what capital replacements are needed in the factories and to find out why they have not been made (lack of capital, fear of NRA, fear of the monetary situation, or what). The Capital Goods Industries Advisory Committee has just sent out a questionnaire that will form the basis of a report to take the guessing out of what it can do and what the results will be for the recovery program. The two new special assistants to the Administrator of NRA, W. Averell Harriman and Nelson Slater, and the staff of the Division of Research and Planning under Leon Henderson are working at full tilt on a parallel report on the whole picture. These three studies will probably be published in April as a report to the American people on this new phase of NRA.

Out of Balance

The argument of the wisest advisers of NRA has long been that no recovery that is out of balance can be sound, and that, without the capital goods revival, NRA was bound to be out of balance. Chiefly, the change in front indicates a passing of the fear that modernization would make "fewer jobs." In its place is rising the faith that modernization of plant will make more and cheaper goods available, increase consumption and put millions of men to work.

While the financing of the capital goods recovery program will come in the first place through government agencies, and thus cannot be expected to show any great speed immediately, it is believed that private capital will follow, tempted by prospective returns, by the confidence engendered through the Administration's turn to these recognized principles of recovery, and by revision of the Stock Exchange Bill and of the Securities Act, both of which are part of the broad plan of capital goods revival. But warnings are out against expectation of immediate results in general employment, the hope being for a marked autumn upturn, and for an easier winter to follow.

The New Recovery Front

Industry has convinced the Administration that recovery must be based on revival of capital goods. Important changes in policy are already taking effect.

RECOVERY from now on is to be based on the revival of the capital goods industries, whose 6 million unemployed have remained untouched, until now, by the recovery plans. The keynote will be "Rebuild America," beginning with deferred maintenance in industries and buildings, residential rebuilding, modernization, etc. This is a major Admin-

istration policy, adopted at the meeting of the National Emergency Council, with President Roosevelt in the chair, which followed the recent Code Authority Conference.

The action was taken after an appraisal of the spirit of the Code Authority Conference which confirmed *Business Week's* finding (BW—Mar



UNION ULTIMATUM—President Green of the American Federation of Labor predicted far-reaching consequences if the automobile makers failed to accede to the Federation's interpretation of collective bargaining.

Credit for Industry

Reserve Board's industrial credit banks to supply working capital to the "medium-size man," should help to stimulate capital goods industries, sickest of all forms of business, as employment figures show.

THE Federal Reserve plan to set up 12 industrial credit banks to make loans to industry through the commercial banks—or, in exceptional cases, directly—closes an important gap in the chain of recovery measures. If it goes through Congress as drawn, and as it is expected to, "the medium-size man in industry and commerce" will get the help of a strong hand to unlock credit long denied him. The capital goods industries will look for an early lift in the modernization demand.

Under the terms of the bill backed by the President, the Reserve Board will set up one of the new banks in each of its 12 districts. They will be chiefly rediscounting institutions, handling for banks, trust companies, mortgage companies, or credit corporations 5-year paper covering loans made for the purpose of providing working capital for "any established industrial or commercial business." The commercial institutions will still have to carry 20% of the risk—enough to keep them on their toes—but the 80% relief ought to go a long way toward liberalizing their ideas of a good risk. If it doesn't under circumstances that appeal to the credit banks as "exceptional"—obviously meaning "exceptionally favorable," the latter can make the loan direct.

Industrialists in Charge

To insure that the industrial viewpoint prevails when the new credit banks are called upon to consider credit policies and risks, the "Credit Banks for Industry Act" contains an important proviso. A majority of the board of directors of each bank "shall be actively engaged in its district in some industrial pursuit." The President underlined this in his message.

Initial funds for the credit bank system come out of the Treasury's "grave," the much-disputed profit created by the reduction in the weight of the gold dollar, but they come in a round about way. The Treasury is going to assume the Reserve Banks' stock in the Federal Deposit Insurance Corp., paying for it with the gold profits. The Reserve Banks will then put up an equivalent amount to establish the credit banks. Washington is being careful to emphasize the fact that the new system is part of the Federal Reserve, not of the United States government. Which won't prevent critics from saying that the government is taking another leap into the banking business. Starting capital of the banks

is \$140 millions and they will be empowered to raise more by selling preferred stock.

Back of the whole program is the desire to find a way out for the smaller concern that cannot raise capital in the security markets and to do this without encouraging the commercial banks to make the same mistake as they did the last time they loaded up with long-term loans which, as the depression showed, have a high freezing point. The effect should be to help give "the medium-size man in industry and commerce" the more even break with the big fellow which his sponsors in Congress have been seeking for him. One ultimate result may be a check in that trend toward giantism which found its incentive in the desire to tap the capital facilities open to huge combinations through Wall Street.

Federal Reserve Survey

Before drawing up its program, the Federal Reserve Board made a survey whose findings may throw some light on how much the banks will be used. It learned that, after operating for 5 years of constant drain on working

capital, many of our smaller concerns were badly in need of funds if they were to make any capital expenditures for the kind of modernization and improvement that the Administration is now urging to revive the capital goods industries. Banks were providing adequately for normal storage of goods and for financing them during the course of distribution but that was about all. According to the President's summary, "estimates based on this survey indicate that approximately \$700 millions of working capital is required; that such working capital may continue in employment some 346,000 employees and may furnish new employment to some 378,000 men and women."

A Bit of Jealousy?

Preliminary jockeying indicated that the RFC has had strong ambitions to fill the industrial loan gap. In presenting last week his bill broadening RFC powers, Chairman Jesse H. Jones coupled with a plea for additional flexibility in dealing with export banks and railroads, the suggestion that his organization be allowed to make direct 5-year loans to industry. (It can already make industrial loans through local mortgage companies.) Later Mr. Jones explained that when the new credit banks get going the RFC will pull out of this phase of credit expansion. The President merely said that he thought the credit banks would go through and he hadn't even seen the RFC bill. Which was typical White House diplomacy. Mr. Jones is fully able to read the dice.



BOND SALESMEN—Public Works Administrator Ickes and Philip M. Benton, PWA Director of Finance, at the first federal sale of municipal bonds acquired by PWA in financing local public works. Thirty-one bids were received, and the bonds (par value, \$737,000) sold at premiums for \$757,050.19.



LOADING THE FURNACE—Coal sticks are slipped into the magazine of the Conditionedaire like cartridges into a revolver. The magazine holds 6 sticks of compressed low-grade coal, enough to last 24 hours in zero weather. The sticks feed down into the combustion chamber. When more fuel is needed, a warning bell is sounded on the instrument board upstairs.

Home Heater

A new furnace burns coal in sticks, gains economical automatic operation through lowered fuel cost and increased efficiency.

A NEW kind of furnace, introduced in Middletown, Ohio, promises radical economies in home heating. A fire 6 inches across and only 8 inches deep will heat a whole house in zero weather because the efficiency is over 90% as against 25% in most home heating plants.

The new furnace, called Conditionedaire, was developed by J. R. Edwards, and is sponsored (though not manufactured or distributed) by American Rolling Mill Co., which cooperated in the design and supplies the materials.

Burns Briquettes

Conditionedaire is a miniature blast furnace and gas producer. It burns coal, can be easily and quickly adjusted to burn gas. In burning coal, there is no smoke, no dust, little ash. The coal comes in circular briquettes, made on the usual machines, stacked to make a paper-covered cartridge 20 inches high, 6 inches in diameter, weighing 20 lb.

The sticks of coal are slipped into a revolving magazine much as cartridges are loaded into a revolver. From the magazine, which holds enough for 24

hours' supply at zero temperatures, they drop as required into the fire pot.

The coal is burned in the lower end of the fire pot, under forced draft, the combustion air being pre-heated by contact with the outside of the fire bowl, and admitted through small holes, drilled diagonally, which impart a circular motion to the flame. In effect, they are miniature blow torches.

While this is going on, the coal in the upper part of the combustion chamber is being heated, releasing its gases, which are led into the gas-tight chamber below the fire pot, passed through the grate, and burned. The coke which remains is burned further down in the fire pot.

This is the reverse of the common procedure in which the coal is thrown on top of the fire bed, the gases generated often passing up the chimney unburned.

The temperature at the fire bowl wall is 2,600 degrees. The heat flows to the heat exchanger which stands beside the "blast furnace" (both are enclosed to make a single neat unit) where it is transferred to air drawn from the house.

When what is left of the hot gases reaches the stack, 94.7% of the heat has been captured, the smoke pipe reads 115 degrees—just hot enough to create the necessary draft in the chimney.

In winter, the air is cleaned and humidified, heated to 200 degrees for distribution through the house. In summer, the warm and humid air is exhausted from the house, and the metal cones which heat it in the winter cool it and precipitate the moisture in the summer. Cooling is by water spray or mechanical refrigeration.

Automatic Operation

The whole operation is automatic (except placing the cartridges in the chamber and removing the scanty ashes) and may be controlled from an instrument board in the living-room. Instruments include a thermometer and thermostat, a humidistat to regulate the humidity, a stack thermometer so the proud owner can brag convincingly about efficiency, a switch to regulate the application of the equipment to the particular house, a warning light to show the magazine needs filling, and a bell to indicate anything wrong.

A motor drives the combustion blower, shakes the grate at intervals, turns the magazine when another stick of coal is necessary. There is a furnace-stat to keep the air returning to the house between 200 and 220 degrees. At the top limit, the blower shuts off, but the house fan continues to operate until the heat drops to 200 degrees, when the blower cuts in again. The house thermostat takes over control at 70 degrees. Even with a quick rise in outside temperature, the fire does not go out, is kept alive by short bursts from the blower, and acts as a pilot flame.

The Edwards furnace has considerable flexibility, a wide automatic variation. In mild weather, firebox temperatures may run as low as 1,200 degrees; in extremely cold weather, the house thermostat, trying to maintain 70, will keep the combustion blower running, forcing the firebox temperature sufficiently above the normal 2,200 degrees to keep the house warm.

Economy is due to the small but very hot fire, the large heat exchange surfaces, and the low grade of coal used, costing \$7 to \$8 a ton in cartridge form.

News on the Air

The big radio chains capitulate to the press and curtail news broadcasting; the independents see an opening and gleefully jump in.

LONG squabbling between the big broadcasting chains and the newspapers over radio's right to broadcast news ended Mar. 1, when the chains capitulated to the newspapers, and agreed to

content themselves, with 5 minutes, twice a day, of bulletins culled from the Associated Press, United Press, and International News Service by a central bureau. This promptly spoiled some outstanding program features, wherein commentators related the events of the day, and added drama, interpretation, and background—as Lowell Thomas.

A Newspaper Fight

As *Business Week* pointed out when the controversy began, it really was a struggle between newspapers which own radio stations and newspapers which do not, rather than between press and radio. Or, to put it another way, the outcome would be simply to reflect the powerful newspaper-radio owners' decision as to where their advantage lay. Obviously, they were powerful enough, both on the air and in the press associations, to swing the decision either way they wished, and obviously they have decided it is more profitable to print news than to broadcast it.

The big chains promptly broke up the rather elaborate news gathering organizations they had created, manned by expert newsgatherers and equipped with excellent facilities. These facilities duplicated the press associations to a degree unsuspected by radio listeners; were set up, of course, to answer any accusation that the radio was pilfering its news.

But the independent stations in the United States, of which there are a large number, have decided (1) that they were not bound by the big chains' decision; (2) that their listeners want news over the air, and not mere cullings from newspaper bulletins, either; (3) that commercial sponsors will support news programs; (4) that here is a grand chance to win listeners from big rivals.

So the independents have set up and are rapidly expanding a news-gathering service of their own. Key points are linked by teletype. There are, for example, 8 competent, full-time reporters on the job in Washington, covering the White House, Congress, the Departments, important events. Arnold Kruckman, widely experienced newsgatherer and correspondent, is in charge there. Similar staffs are being set up in the other important news centers.

All Day Long

Instead of two 5-minute periods, these stations offer news frequently, all day and evening.

The independents, asked if they can compete successfully with the big press associates, grin cheerfully, point out that they are under no obligation to supply all the news; their obligation is to supply interesting news programs. Nevertheless, they feel they won't get left very often. Indeed, they point to several news beats already scored. Some 40 stations use the service, so far.

Laundries Hit Back

American Laundry Machinery Co. runs an advertising test in Kansas City to guide the bargain wet wash drive against home washing.

DURING 1933 the struggle between laundry and washing-machine for the weekly bundle of household linen made the suds fly. The Jan. 1 score was considerably in favor of the machines. Unit sales last year established a record of 1 million washers worth at retail \$55 millions. This overshadowed the previous high of 956,000 in 1929. The feat stimulated the laundry industry to greater activity, especially in the branches of sales strategy. Now it looks as if it had found an answer in the promotion of damp wash at a bargain price. The washing-machine folk have something to worry about. Competition among themselves depressed the average price of washers to \$55, which is admittedly "unfavorable."

In cities all over the country laundries have joined in cooperative drives to advertise and sell the damp wash idea. They believe they have found the exact figure for housewife acceptance—a 49¢ minimum for an average bundle with a low rate for additional pounds. The philosophy back of the campaign is sound. No woman likes to wash. Laundries do this drudgery at an attractive price, delivering the linen damp and ready for ironing in the home. At the rates quoted there is little direct profit for the laundry plants, but it gets housewives back into the habit of regularly patronizing laundries. It is believed when better times come many women will allow the laundries to finish the bundles, thus enabling the plants to recapture profitable volume.

Machinery Sales at Stake

The powerful American Laundry Machinery Co., Cincinnati, watched the campaigns with mingled hope and hesitation. Its fortunes are tied in with the laundries. The damp wash campaign obviously had tremendous possibilities but there were many questions of cost, advertising, and personal selling that needed clearing up. In behalf of the industry (and itself) the A.L.M.C. decided on a scientific test. For its laboratory it chose Kansas City.

There it is staging a market study that will answer in dollars and percentages points that have arisen in campaigns staged without research. Associated Laundry Owners of Greater Kansas City are cooperating. In other cities advertising and additional costs of damp wash campaigns were divided among participating laundries. In Kansas City the entire \$60,000 expenditure is being borne by American Laundry Machinery.

The company is making a basic survey and only by footing the bill can it control the technique.

First move was a canvass of 3,000 K.C. homes. Then cost engineers made careful surveys of laundry plant costs. It was found that laundry service had not been properly merchandised. Expense was the chief reason given for not sending laundry to the plants. Requirements were to reduce prices and sell the service intelligently. It was proven that efficient plants could handle the average 16 lb. of family wash at 49¢ if volume could be obtained. Newspaper advertisements featuring this price with 3¢ additional for extra poundage now are running in K.C. newspapers. Participating laundries are listed at the bottom. Streamers on laundry wagons second the newspaper displays. Drivers are coached to aid with personal salesmanship.

Looking at Them

The newspaper advertisements do not mention washing-machines and therefore the latter industry cannot charge that laundries are breaking a truce between the industries which stopped a previous outbreak of unethical warfare. But the copy is looking right at washing-machine competition. One display invited housewives to "take Blue Monday off their calendars" by using bargain price damp wash service. It is "health insurance" since, says the copywriter, the housewife doesn't invite colds by sloshing around in a wet basement, tiring herself out and getting her feet wet.

The campaign is to run for 90 days and not until then will results be fully known. But preliminary returns indicate success. During the test period laundries agree to maintain the 49¢ price, to refrain from individual advertising, to furnish complete sales data for comparison. The washing-machine industry will eagerly watch developments. It is represented in Kansas City by makers of Faultless Washers, one of the low price leaders.

The A.L.M.C. experiments are a climax to a movement that began slowly. It traces back to W. H. Bechtold, Portland, Ore., laundryman, who announced in the summer of 1932 that he had an idea for scotching the stampede to washers. He pointed out that the home washer delivers only wet wash, that the laundry's logical answer was wet wash at bargain prices. Milwaukee and Oklahoma City tried cooperative campaigns

and became enthusiastic. *Laundry Age* urged others to follow suit. About 25 cities have now offered 49¢ wet wash with the bundle varying from 15 to 20 lb. Phenomenal sales have resulted, with a stimulant to other laundry activities. Milwaukee and Oklahoma City report 150% increases; Denver, 100%. Individual plants have run the figure up to 500%. Principal objection has been that few laundries can show a direct profit on this business.

Refrigerator Cars

ICC bureau urges rail control of refrigerator cars, calls private leasing uneconomic.

It's a racket! This is the gist of a report made to the ICC following an investigation disclosing that shippers make big money out of leasing refrigerator cars from private car lines and collecting mileage earnings from the railroads. W. P. Bartel, chief of the ICC's bureau of service, recommends that the commission prohibit payment of mileage earnings or allowances for use of private cars in excess of the cost of the cars to the shippers or the rental paid by them.

The railroads have been trying since 1927 to put a stop to the practice of leasing cars to shippers but their efforts have been thwarted by several private car lines. Finally the ICC stepped in

and ordered the investigation. The report now in its hands asserts that the use of private refrigerator cars by shippers, other than the big meat packers able to take care of their own needs entirely, results in uneconomical operation and unnecessary expense to the railroads in empty backhauls and payment of mileage allowances when their own equipment is standing idle. It urges that the railroads be given the exclusive right to supply cars required by all shippers except the packers.

Most of the shippers who lease or rent cars profit from the mileage earnings, the report declares, thus obtaining transportation at less than the regular rates. This looks suspiciously like violation of the Elkins Act prohibiting rebating and discrimination between shippers. One shipper admitted that he made a profit of \$32.50 per car per month on about 200 leased cars for which he paid \$45 and \$50 per month. The private car lines refused to disclose the amounts paid to or retained by them and the majority of shippers did not give them away.

Threaten to Use Trucks

Several shippers renting and leasing private cars said that, if deprived of the profits on them, they would give their traffic to the trucks even though the railroads furnish cars identical with those they are now using and the service otherwise is just as good. Other shippers also threatened to desert the

railroads if display of advertising on private cars is prohibited. This is recommended by the report on the ground that in the advertising shippers receive something in addition to transportation of their traffic not available to others using cars furnished by the railroads.

Airmail vs. Express

Aviation companies, deprived of air-mail, plan express competition with Postoffice Department.

AVIATION companies, having had their mail contracts shot from under them, are vigorously going after express business. Added revenues from this source are expected to help them continue operation until the shelling subsides. Air express agencies are brought into direct competition with the Postoffice Department since the shipments sought are necessarily those requiring speed which justifies payment of high rates. Disruption of air mail schedules has given air express a wide-open invitation to emphasize all selling points. One is lower charges. It costs \$2.03 to ship a 1-lb. package from Chicago to New York by air mail; air express cost is \$1.25.

The Postoffice Department was further dismayed while trying to extricate itself from the airmail tar baby, by the charge that commercial lines have been flying letters. Large users of airmail found no legal prohibition against hiring agencies to post letters and other mail at distant points. Increase in air express when army fliers were grounded was said to be partly due to the shipment of packages of letters to distant cities where they were mailed. One Postoffice Department statement says letters aren't being so carried, another says that the practice must be stopped, another that each letter so carried must add full airmail postage to express. Commercial line officials grin provokingly.

"Packages Not Opened"

"In handling express we are agents of the Railway Express Agency, a common carrier. We can't tear open packages to see whether letters are inside."

While looking outward for new business, the air lines looked inward for chances of cutting costs and increasing efficiency. The 2 large organizations in the field are General Air Express and the Air Express division of the Railway Express Agency. These pick up and deliver for the large air transport companies. Necessarily their services overlap and the logic of consolidating is under discussion, though nothing definite has been arrived at. Operating advantages of a single air express service are as obvious as in the case of rail express carriers.

General Air Express serves 115 cities. It was cooperatively established in



DUAL USE RADIO—General Electric's newest is self-contained, may be used in car or home, is shaped to fit front or back seat, has a handle for carrying.

Business Week

August, 1932, by American Airways, Transcontinental and Western Air, Pennsylvania Air, Eastern Air Transport, U. S. Airways, and others. The Railway Express serves United Air Lines, Western Air Express, Northwest Airways, Kohler Aviation, National Parks Airways, Hanford-Rapid Air Lines. Postal Telegraph picks up and delivers at aviation fields for General Air Express. Railway Express recently extended its activity by a hook-up with Western Union (BW—Mar 3 '34).

As proof of the potentialities of air express, the companies compare its statistics with those of airmail. Airmail reached its peak of 9,351,195 lb. in 1931. Thence it dropped off to 7.66 million lb. in 1933, which was less than the poundage of 1929. Air express volume rose by determined, yearly jumps from 6,467 lb. in 1926 to 1.66 million

lb. last year. February's increase over the same month in 1933 was 120%. Figures from United Air Lines, one of the largest operators, show what happened last year in its different traffic branches:

	1933	1932	Increase
Revenue passengers carried	127,693	89,933	44%
Miles flown	14,714,415	13,055,804	12%
Mail poundage	3,182,165	3,336,368	*4%
Air express (lbs.)	479,512	172,326	178%
*Decrease			

Air express is now delivered anywhere in the country. Rates fell as volume rose. Charges are about one-third of what they were 2 years ago. Some typical air express schedules are: Chicago to New York, 6 hours; New York to San Francisco, 19½ hours; Chicago to Seattle, 12 hours.

The Vans Hold On

Nobody else can figure out the wiring plan, or how to extricate one piece from the whole, so the Van Sweringens seem safe in control.

BECAUSE the Van Sweringens are the only men who know the wiring layout it seems likely they are to be allowed to sit at the switchboard for a long time to come. They have complicated the mechanism of their borrowings and equities to the point where no creditor's attorney can work his way through them, and because creditors are widely distributed and unorganized, or confident in the Vans' ability, there is no movement to separate the brothers from either their railroad or their real estate controls.

Bankers Won't Start Anything

The only people who might order the sale of their collateral and the breakup of the huge integration would be their bankers in New York and Cleveland, but the bankers have done much business with the Vans and hope to do more, and are afraid, furthermore, of what would be the effect upon each claim if the relationships among them all were disturbed. The Van Sweringens built an intricate machine in which railroad traffic, downtown and suburban real estate, and rapid transit work together as parts of a whole. Or more correctly, of two wholes, for the railroad complex could be separated from the Cleveland real estate without much disturbance. The situation raises questions concerning the position of creditors in the face of vast complication, questions which no securities act could cope with. Unless creditors are prepared to operate properties separately, it may be admitted that their position weakens. Whether new money could be obtained later on

would probably depend on the speed and extent to which the Van Sweringens showed their mastery of conditions. Large additional borrowings will eventually be needed to complete the mechanics of the railroads and real estate and this new money might readily be

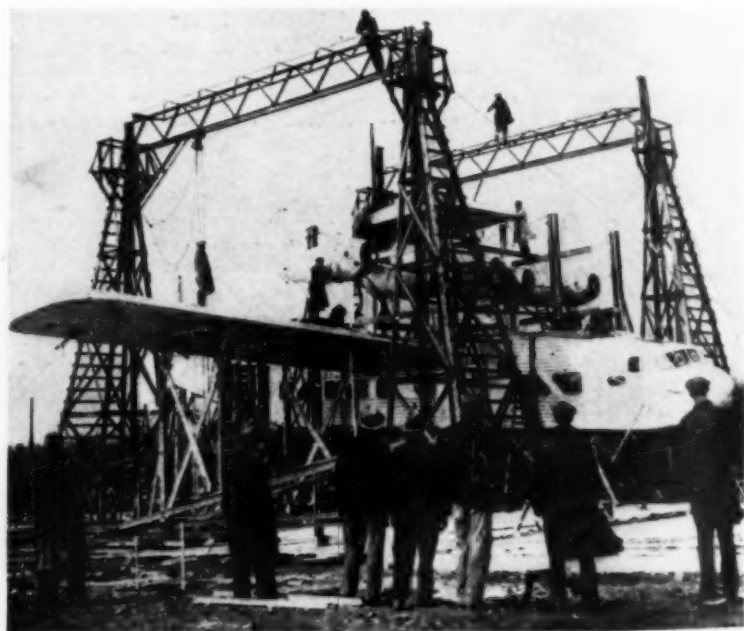
obtained if creditors later became enthusiastic over the way they were rescued by their debtors.

Several events have been showing how strong the position of America's leading debtors becomes.

No early objections have been raised to the 5-year plan of the Allegheny Corp. to pay the bond interest on its 1950 series with a new and special preferred stock of the company, convertible into the common. In announcing the issue O. P. Van Sweringen admitted that the failure of the plan might lead to the forced sale of the collateral. This includes a 69% interest in the Chesapeake Corp., which in turn holds the controlling interest of 48% in the Chesapeake & Ohio railroad. Sale of control of the Chesapeake interest would split off the Eastern system from the Western and simplify the structure.

That C.&O. Plum

Yet the Chesapeake Corp. has been reducing its bank debt from earnings and proceeds of the sale of C.&O. stock and retiring or converting its bonded debt to a total reduction of debt by 28%. Net income of the railroad has been running better than 10% above last year's. A possible increase in the dividend rate of C.&O. thus becomes the incentive to Morgan & Co. to make the loans to pay the interest on the Allegheny bonds and to take the new special preferred as security. The Morgan interest in the affairs of the Vans grows stronger at the same time the brothers are left an "out" if freight business keeps on increasing. The arch of charges



WIDE WING
BRITAIN'S PRIDE—The *Scylla*, giant 40-passenger landplane, and a sister ship (the *Syrinx*) soon will join England's Imperial Airways fleet. Its size forced Short builders to assemble the *Scylla* at Rochester Aerodrome.

17 Years of Service from this Valiant Old Fleet...



now- THIS FIRM BUYS 33 NEW INTERNATIONALS



Away back in 1916, Gustav Papendick, of the Papendick Bakery Company, St. Louis, put a fleet of Internationals on his routes. It was a brilliant move, destined to have a profound effect on his daily business and the degree of his success and profit. He did not know it then, but he came to know it *intimately* through 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, and 1933. For 17 years these trucks were on the job. In the meantime other makes of trucks were purchased, and weighed in the balance of performance. Other Internationals, too, were bought.

Now, the sequel. The Papendick Bakery Company has standardized on Internationals, replacing all its trucks with the fine modern fleet of 33 Internationals shown above. The Papendick experience offers YOU a convincing recommendation of ONE superior make of truck—INTERNATIONAL.

Do we build our trucks too well?

Is it good business to make a product—a truck product—that will last for 17 years? Some would say No, but *not* the experienced users of our trucks! And not International Harvester. To build to the limit of engineering and manufacturing skill and quality is our steadfast aim. And it *does* pay! It pays International Harvester in reputation and new business. It pays in our record of sales—rising irresistibly year by year, advancing ahead of the field through the years of de-

• International Quality is available today at amazingly **LOW PRICE**. Efficient production on a large scale now enables you, for example, to buy the International 6-cylinder 1½-ton Model B-3 chassis for **\$695**

f. o. b. factory

• The ½-ton Model D-1, seen in the center of the lower illustration above, carries a chassis price of \$360. You may have it complete with pick-up body as shown for

\$500

f. o. b. factory, ½-ton with panel body, \$590.

TO INTERNATIONAL OWNERS AND DRIVERS:

There are other International users whose record of performance and service equals that of the Papendick Baking Co. Maybe you have an even better story to tell about your experience with International Trucks. If so, drop us a letter. We'd like to hear from you.

pression, years of close buying forced by economy.

Wise truck buyers have learned to judge trucks not by first cost but by performance, dependable service, and low-cost operation.

See the near-by branch or dealer for demonstration of any International model, ½-ton to 7½-ton.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA Chicago, Ill.
(INCORPORATED IN ILL.)



• **Hardened Exhaust-Valve Seat Inserts** are an International engine feature. They retard valve seat burning, engine efficiency is retained, and the valves seldom need grinding.



• **Replaceable Cylinders** save expense of re-boring or replacement of cylinder block. This great feature of advanced design has long been everyday practice in International Trucks.

INTERNATIONAL TRUCKS



THE VANS—The wires that connect up the far-flung Van Sweringen machinery still lead to Cleveland where "M.J." and "O.P." (left and right, as usual) sit behind a switchboard so complicated that their creditors haven't been able to agree that anyone but the brothers can handle it.

Wide World

becomes heavier but less likely to cave in on the common stock.

Similarly a default on the loans to the Cleveland Terminals Building Co. and the Vanness Co. was avoided by the Bankers Trust Co. either refraining from asking for the interest or adding the interest to the principal of the loan. Revelation of this forbearance on the part of the Bankers Trust enabled the protective committee on the Iron Mountain bonds to take back its statement that the loans were in default.

The Real Estate Venture

To have permitted these \$40 million loans to default the Bankers Trust would have had to take control of Alleghany through the 51% of common which had been pledged to secure them. The Morgan group would then have been in the railroad business by another door. The loans had been made to refinance the construction of the large group of buildings on the air rights above the Cleveland Union Terminal, originally financed by Cleveland banks. The terminal is owned by the railroads but the air rights by the Van Sweringens, and these are pledged as collateral on other bond issues. Several of the buildings are in default of taxes pending a decision on their petition for a reduction of the assessment in Cleveland. There are also interest defaults on certain leasehold issues. The buildings group was completed after the onset of the depression

in 1930, including a \$12-million department store. O. P. Van Sweringen has said he believed the depression would be brief until he saw the downturn in the autumn of 1930. This kept the buildings from being permanently financed, and much of the money the Van Sweringens had received from the sale of Alleghany bonds and stock by that time had been sunk in the Missouri Pacific.

Similarly also the superintendent of banks in Ohio could order foreclosure on the security back of \$12,200,000 worth of real estate bonds of the old Van Sweringen Co., original suburban vehicle of the Van brothers. Trustees on these bonds were the liquidating Union and Guardian Trust companies of Cleveland, of which the Van Sweringens were the largest borrowers at the time of the closings last spring. The bonds are in default of interest and some of the real estate is in default of taxes.

Creditors sought to get the trusteeships changed, but found the 4 surviving downtown banks in Cleveland are either large creditors of the Van Sweringens or hold large deposits of their subsidiary companies such as Cleveland Railway. So they are suggesting that a committee of bondholders be formed to exercise the discretionary powers under the trusteeship for whatever banks are appointed trustees. One thing they are

sure of: They don't want the property back of the bonds, much of which consists of vacant real estate along the Van Sweringen rapid transit running into the Van Sweringen terminal. The suit has delayed an adjustment plan by which owners of houses could buy bonds of the company and turn them in as offsets on their own mortgages.

First piece of real estate to which the Van Sweringens have lost control was a lot in a distant suburb upon which the county foreclosed for taxes the other day. Other lots delinquent on taxes are safe for the present under the Ohio law which permits delinquencies running to 3 years. To lose them would break up the property restrictions upon which partly depends the value of neighboring residential properties in the hands of important Clevelanders, not to mention those in the hands of banks. The brothers personally are being sued for rental of space they had once intended to use for rerouting street car lines in the downtown section, but they are also personally on much larger notes to defunct Cleveland banks and the suit is not being pressed.

Collateral Troubles

The brothers Van Sweringen personally signed \$14 million of notes on participation loans placed with the Union Trust in Cleveland when part of the original collateral was taken down to New York. The loans made in New York at that time were the ones recently stated to be in default (a statement technically incorrect). But the collateral has considerably depreciated. The Department of Justice is now investigating the circumstances of the removal of \$4 millions of the collateral from the Union Trust, an action which the Morgans say was taken at the request of officers of Union Trust to bring new money into Cleveland.

From all of which it appears that if the American Federation of Labor could organize the creditors of the Van Sweringens into a compact union, the creditors might then demand to be allowed to run the shop. But hardly otherwise.

Paint Tie-up

Lead industry backs surface-saving drive by wood group.

THE increasing use of paints containing a large percentage of water and petroleum distillates annoys the lead industry. This explains why the Lead Industries Association is endorsing a "Forest Products Better Paint" campaign of the American Forest Products Industries, Inc. Goal: To inform the public of the large savings resulting from use of high-pigment-concentration paints on properly prepared wood.

THE TRAVELERS

L. EDMUND ZACHER, *President*

HARTFORD

CONNECTICUT

Annual Statements

December 31, 1933



THE TRAVELERS INSURANCE COMPANY

(Seventieth Annual Statement)

ASSETS		RESERVES AND ALL OTHER LIABILITIES	
United States Government Bonds	\$105,788,070.00	Life Insurance Reserves	\$579,307,653.78
Other Public Bonds	83,298,412.00	Accident and Health Insurance Reserves	8,741,014.23
Railroad Bonds and Stocks	70,068,374.00	Workmen's Compensation and Liability Insurance Reserves	43,150,501.13
Public Utility Bonds and Stocks	67,888,874.00	Reserve for Taxes	2,907,638.53
Other Bonds and Stocks	46,811,036.00	Other Reserves and Liabilities	1,700,329.94
First Mortgage Loans	94,167,046.00	Special Reserves	8,840,330.48
Real Estate	38,369,683.32	Capital	\$20,000,000.00
Loans on Company's policies	123,933,754.60	Surplus	16,288,985.94
Cash on hand and in Banks	15,688,063.52		36,288,985.94
Interest accrued	9,998,442.49		
Premiums due and deferred	24,355,244.56		
All Other Assets	569,453.54		
TOTAL	\$680,936,454.03	TOTAL	\$680,936,454.03

THE TRAVELERS INDEMNITY COMPANY

(Twenty-eighth Annual Statement)

ASSETS		RESERVES AND ALL OTHER LIABILITIES	
United States Government Bonds	\$2,463,667.00	Unearned Premium and Claim Reserves	\$7,644,876.26
Other Public Bonds	2,070,578.00	Reserves for Taxes	332,451.32
Railroad Bonds and Stocks	2,510,103.00	Other Reserves and Liabilities	530,290.19
Public Utility Bonds and Stocks	1,527,002.00	Special Reserves	4,372,568.89
Other Bonds and Stocks	8,509,827.00	Capital	\$3,000,000.00
First Mortgage Loans	312,500.00	Surplus	4,801,774.12
Cash on hand and in Banks	1,509,469.63		7,801,774.12
Premiums in Course of Collection	1,682,732.72		
Interest accrued	96,005.43		
All Other Assets	76.00		
TOTAL	\$20,681,960.78	TOTAL	\$20,681,960.78

THE TRAVELERS FIRE INSURANCE COMPANY

(Tenth Annual Statement)

ASSETS		RESERVES AND ALL OTHER LIABILITIES	
United States Government Bonds	\$4,690,549.00	Unearned Premium and Claim Reserves	\$10,774,326.13
Other Public Bonds	1,062,419.00	Reserves for Taxes	296,360.43
Railroad Bonds and Stocks	2,165,488.00	Other Reserves and Liabilities	68,397.71
Public Utility Bonds and Stocks	4,045,845.00	Special Reserves	1,832,722.26
Other Bonds and Stocks	1,772,133.00	Capital	\$2,000,000.00
First Mortgage Loans	250,000.00	Surplus	1,941,903.57
Cash on hand and in Banks	1,564,498.60		3,941,903.57
Premiums in Course of Collection	1,219,957.88		
Interest accrued	129,034.87		
All Other Assets	13,784.75		
TOTAL	\$16,913,710.10	TOTAL	\$16,913,710.10

Stocks and bonds not amortized are carried at values furnished by the National Convention of Insurance Commissioners.

Additional information about The Travelers Companies, including complete lists of securities, is set forth in The Travelers Year Book for 1934. Copies will be supplied upon request.

NIRA SCOREBOARD

Based on official texts of approved industry codes published up to March 17, 1934

(Continued from *Business Week*, March 17, 1934)

280. Retail Solid Fuel Industry

By National Retail Coal Merchants Association. Code effective Feb. 26, 1934. President reserves right to modify this code within 120 days after effective date. *Maximum Hours:* May 1 to Aug. 31, 40 a week; balance of year, 48 hours. Clerical employees: May 1 to Aug. 31, 36 hours a week; balance of year, 42 hours. Certain specified exceptions. *Minimum Wages:* Code describes 7 main wage districts and numerous sub-districts with minimum wages ranging from 25c. to 50c. an hour. Specifies method of adjusting all wage schedules. Active owners, partners or stockholders must observe code hours. All salesmen must be paid minimum of 40 hours a week, at minimum wage rates. *Other Important Provisions:* Creates National Code Authority and Divisional Code Authorities, and enumerates activities of each. Provides for filing of prices, terms and conditions of sale for each kind, grade, size, and blend of solid fuel, prices becoming effective immediately upon posting. Members must file reports of all sales with Divisional Code Authority. Provides specific procedure in case destructive price-cutting occurs in any territory. Lists among unfair trade practices inaccurate advertising, misrepresentation of grades, blends, or sizes; short weight, bribery, numerous other practices peculiar to the trade. Divisional Code Authorities to determine lowest cost in each division.

301. Sample Card Industry

By Sample Card Manufacturers Association, Inc. Code effective March 5, 1934. *Maximum Hours:* 40 a week. Certain specified exceptions. *Minimum Wages:* Mechanical workers: men, 40c. an hour; women, 30c. an hour. Other employees, \$16 a week. Women get equal pay for equal work. Provides for equitable adjustment of all wage schedules. Prohibits reclassification. Prohibits piece-work. *Other Important Provision:* Provides for a Code Authority. Permits the open-price plan with a 5-day time-lag. (This provision stayed by NRA pending further notice.) Code Authority to formulate standard accounting and costing system. Code Authority may check compliance on provisions against below-cost selling through a designated agency on closed transactions only. Requires filing with impartial agency of reports on plant capacity, production, sales in units and dollars, orders received, unfilled orders, inventories, employment, wage rates, etc. Code Authority to investigate plans for equalizing production with demand, advisability of creating a Joint Industrial Relations Board with paper manufacturing and/or converting industries, etc. Lists among unfair trade practices misleading advertising, dumping, bribery, consignments unless approved by Code Authority.

303. Cordage and Twine Industry

By Cordage Institute. Code effective Mar. 7, 1934. *Maximum Hours:* 40 a week averaged over calendar quarterly periods. Certain specified exceptions. *Minimum Wages:* 30c. an hour in 11 Southern states; 32½c. an hour elsewhere. Office workers, \$14 a week. All wage rates to be adjusted to not less than 90% of rate effective June, 1929. Prohibits reclassification. *Other Important Provisions:* Productive machinery limited to two 40-hour shifts a week, Code Authority having right to grant exceptions. Code Authority to study costs and selling prices, their relation to capital investment and other factors; to study measures for industrial planning and stabilization of employment. Provides for uniform and adequate cost-finding method approved by Code Authority. Acquiring by any means whatsoever or leasing of productive machinery permitted only after securing certificate from Administrator. Modernization without increasing productive capacity permitted. Schedules A and B, made part of the code, contain extensive provisions covering manufacturing and distribution activities. Provides for filing of price lists. Schedule A specifies that no member can increase prices within 5 days after having announced a decrease.

304. Outdoor Advertising Trade

By Outdoor Advertising Association of America. Code effective Mar. 6, 1934. *Maximum Hours:* Outside employees 40 hours a week, excepting in cities of 2,500-25,000 where 44 hours is allowed, and in towns of 2,500 or less, where 48 hours is permissible. *Minimum Wages:* Outside workers, 35-40c. an hour; in 15 Southern states, 5c. an hour less. Other employees, \$13-

\$15 a week depending on size of city. Specifies method of adjustment of all wage rates. Women get equal pay for equal work. Prohibits reclassification. *Other Important Provisions:* Creates a Code Authority. Contains clause against partnership interpretation. Code Authority to establish rulings on "over-runs," collect periodical reports, define trade areas, formulate accounting and cost-finding system for use by all members. Provides for the open-price plan with 30-day time-lag. (This provision stayed by NRA pending further notice.) Lists among unfair trade practices inaccurate advertising, selling below cost, rebates, bribery, blacklisting, etc.

305. Fibre Can and Tube Industry

By National Fibre Can and Tube Association. Code effective Mar. 5, 1934. *Maximum Hours:* 40 a week. Certain specified exceptions. *Minimum Wages:* North, 32½c. an hour; in 11 Southern states, 30c. an hour. Office workers: North, \$15 a week; South, \$14 a week. Women get equal pay for equal work. Equitable adjustment of all wage schedules. Prohibits reclassification. *Other Important Provisions:* Prohibits homework. Creates Code Authority, which will formulate accounting and cost-finding system for use by all members. Permits the open-price plan with a maximum 5-day time-lag. (This provision stayed by NRA pending further notice.) Prohibits violation of filed price schedules. Code Authority may request for filing with designated agency reports on closed transactions only. Also on plant capacity, production, sales in units and dollars, orders received, unfilled orders, inventories, wages, employment, etc. Code Authority to prepare plans for equalizing production with demand, and consider advisability of creating Joint Industrial Relations Board. Lists among unfair trade practices dumping, protection orders, rebates, bribery, false invoices. Consignments permitted under arrangements approved by Code Authority.

306. Mica Industry

By Dry Ground Mica Association, Wet Ground Mica Association, and Industry Organization Committee. Code effective Mar. 5, 1934. Provisions of this code covering importation of mica and mica products were not approved by the Administrator but may be included later. *Maximum Hours:* 40 a week, with tolerance of 6 weeks at 48 hours in any 6-month period. Certain specified exceptions. *Minimum Wages:* Northern section, 30c.-35c. an hour; 9 Southern states, 25c.-30c. an hour. Women get equal pay for equal work. Prohibits reclassification. *Other Important Provisions:* Provides for a National Code Authority and Divisional Code Authorities, and for filing of all information with impartial agency. Provides for uniform cost accounting system approved by Administrator, and prohibits sales at below cost. Provides for the open-price plan with a 10-day time-lag. (This provision stayed by NRA pending further notice.) Prescribes method of arriving at basic cost. Prohibits price protection to customers, lump sum bids, false invoices, violation of established prices and terms, deceptive advertising, bribery. Members of the Dry and Wet Ground Mica Divisions to send to their Code Authority within 5 days after date duplicate copies of invoices covering sales or of contracts entered into.

307. Stay Manufacturing Industry

By the National Association of Stay Manufacturers. Code effective Mar. 8, 1934. *Maximum Hours:* 40 a week, with a tolerance of 8 weeks at 45 hours in any 6-month period. Certain specified exceptions. *Minimum Wages:* 35c. an hour. Code Authority may recommend upward adjustments for specified localities or occupations. Provides for equitable adjustment of all wage schedules. Women get equal pay for equal work. Prohibits reductions of hourly rates and reclassification. *Other Important Provisions:* Prohibits homework after June 1, 1934. Creates a Code Authority. Contains clause against partnership interpretation. Among unfair trade practices prohibited are inaccurate advertising, blacklisting, blanket orders, rebates, bribery, etc. Consignments permitted with approval of Code Authority. Code Authority to formulate uniform accounting and cost system. Prohibits sales below cost.

308. Fishery Industry

By the National Fisheries Association. Code effective Mar. 12, 1934. In Order of Approval

the President stays provisions of this code for 10 days "to afford consideration of the objections of any interested parties." *Maximum Hours:* Office workers, 40 a week; workers engaged in operations of the industry, 90 hours in any 2 consecutive weeks, with extensive specified exceptions. *Minimum Wages:* Office workers, \$16 a week; office boys, \$14 a week. Other employees, \$15-\$16 per week according to population. In 15 Southern states, \$2 a week less. Specified exceptions, including those working on profit-sharing basis. Provides for equitable adjustment of hourly rates. Prohibits reclassification. *Other Important Provisions:* Provides for a National Code Authority and commodity, regional, functional, or other trade groups within the industry. The latter may have divisional codes and agreements. Same to investigate feasibility of grading products of the industry, formulate plans for conservation of resources, etc. Lists among unfair trade practices false advertising, rebates, unearned service payments, combination sales, bribery, false measures, free deals, etc.

309. Solid Braided Cord Industry

By the Solid Braided Cord Manufacturers Association. Code effective Mar. 12, 1934. *Maximum Hours:* 40 a week. Certain specified exceptions. *Minimum Wages:* North, \$13 a week; South, \$12 a week. Outside employees and cleaners, 75% of minimum. Differentials in dollars, of rates prior to July 17, 1933, not to be decreased. Prohibits reclassification. *Other Important Provisions:* Operation of productive machinery limited to 2 shifts of 40 hours each per week. Prohibits price guarantees and labelling of products other than with standard weights prescribed by Code Authority. Requires reports on wages, hours, machine operation, stocks on hand, etc. Code Authority to prepare recommendations for registration of productive machinery, for requiring certificates prior to installation of additional production capacity, for changes in schedules of operation, for methods of selling distress merchandise, etc. Modernization or purchases of machinery to produce balance of production not prohibited.

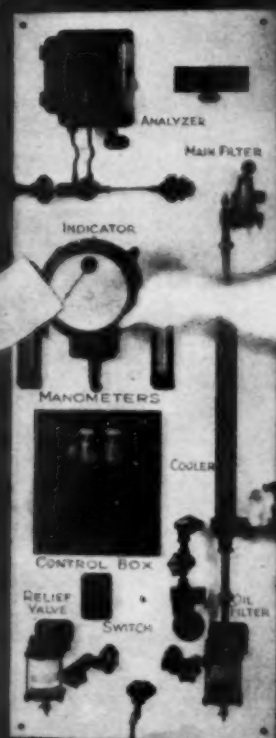
310. Fresh Water Pearl Button Manufacturing Industry

By the National Association of Button Manufacturers. Code effective Mar. 12, 1934. *Maximum Hours:* 40 a week. Certain specified exceptions. *Minimum Wages:* \$13 a week. Weekly wages of other employees not to be reduced below July 1, 1933 level. Code Authority to recommend adjustments of rates where necessary. *Other Important Provisions:* Code Authority to study homework problem and prepare suitable methods of its control. Contains clause against partnership interpretation. Provides for uniform accounting and cost system, for standard method of classifying blanks and grading of products. To create and enforce regulations affecting mussel shells. To recommend methods for establishing a General Button Manufacturers Coordinating Council. Lists among unfair trade practices deceptive methods, inaccurate advertising, rebates, bribery, violation of established terms of sale. Prohibits sales below cost.

311. Ready-Mixed Concrete Industry

By the National Ready-Mixed Concrete Association, Inc. Code effective Mar. 9, 1934. *Maximum Hours:* 40 a week. Exceptions for certain specified occupations. *Minimum Wages:* In cities and trading areas of over 500,000 population: in 15 Southern states, 35c. an hour; in 11 specified states, the District of Columbia, and southern California, 40c. an hour; in remaining states and northern California, but excepting New York City, 45c. an hour; in the City of New York, 50c. an hour. In cities of 75,000 to 500,000 population, 5c. an hour less. In cities under 75,000, 10c. an hour less. Office workers, \$13-\$15 a week. Wages above minimum to be adjusted to differentials existing July 15, 1933. Rebates from employer or his agents prohibited. Reclassification prohibited. *Other Important Provisions:* Provides for Code Authority. For administrative purposes divides country into 7 regions. Suitable facilities for self-determination in the various marketing areas are to be established. Administrative committees in various marketing areas may adopt the open price plan with a 5-day time-lag. (This provision stayed by NRA pending further notice.) Code Authority

IF EXHAUST PIPES COULD TALK!



"MR. OWNER—
Every day I'm wasting 10%
to 25% of the fuel you buy.
The POWER PROVER
will prove it in 30 seconds.
After being POWER
PROVED my engine
will have more power,
waste less gasoline
and oil and operating
costs for you will
go down!"

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MORE than 4000 owners and operators of fleets have adopted the POWER PROVER Motor Testing and Adjustment Service to cut gasoline and oil costs, to lower maintenance expense and to increase fleet efficiency. This exclusive service rendered by Cities Service has saved fleet owners and operators as much as 33 1/3% on gasoline and oil and given them more powerful performance with less frequent overhauls.

POWER PROVER Service includes three distinct features: (1) an

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The famous high-test, anti-knock green gasoline, for which hundreds of thousands have gladly paid 2 cents premium... now yours at no premium.



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The new champion of Ethyl gasolines... fast, tremendously powerful... a super anti-knock gasoline. Backed 100% by the Cities Service name and reputation.



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The exclusive Cities Service invention that instantly detects unnecessarily wasted fuel and power. Combined with the 23-step Cities Service tuning routine, using exclusive patented precision tools, it stops this waste.

CITIES SERVICE POWER PROVER

MARCH 24, 1934

19

ity to survey existing productive capacity and demand in each marketing area and establish regulations "to avoid the aggravation of the condition of over-capacity." Any group of members may agree not to increase productive capacity within any marketing area subject to approval by the Code Authority. Interchange of equipment and installation of new machinery or modernization of plants is permitted. Lists among unfair trade practices rebates, bribery, bid-peddling, lump sum bidding. Establishes cubic yard as unit of sale. Provides for uniform accounting system and prohibits sales below prime cost plus 10%.

312. Narrow Fabrics Industry

By representatives of the industry including 3 separate divisions: Woven Elastic, Braided Elastic, and Braided Non-Elastic. Code effective Mar. 12, 1934. *Maximum Hours:* 40 a week averaged over 3-month periods. Certain specified exceptions. *Minimum Wages:* North, 32¢/c. an hour; South, 30¢. an hour. Prohibits reductions below July 1, 1933, weekly totals. All pay schedules to be equitably readjusted. Reclassification prohibited. Prohibits "stretch-out" system without approval of Code Authority. *Other Important Provisions:* Clause prohibiting homework stayed by Administrator pending study by Code Authority. Code Authority to investigate the effect of imports, to arrange for periodical reports on employment, wages, production, shipments, stocks, prices, etc. Same to be filed with disinterested agency. After a uniform and standard cost accounting system has been established by Code Authority, sales below cost are barred. Lists among unfair trade practices false invoicing, bribery, rebates, etc. Code intended as basic code; associations and trade groups to formulate supplementary codes.

313. Steel Wool Industry

By Steel Wool Association. Code effective Mar. 10, 1934. *Maximum Hours:* 40 a week. Research workers, 48 hours a week. *Minimum Wages:* 35¢. an hour. Office workers, \$15 a week. Provides for equitable adjustment of all wage schedules. Women get equal pay for equal work. *Other Important Provisions:* Contains clause against partnership interpretation. Provides for reports on plant capacity, production, sales, employment, wages, etc. Provides for the open price plan with 5-day time-lag. (This provision stayed by NRA pending further notice.) Code Authority to establish accounting and cost system. Sales below cost barred. Whenever destructive price-cutting develops, Code Authority may determine lowest reasonable cost, same to be approved by Administrator; thereafter, members selling at less than said cost will be guilty of unfair trade practice. Contains extensive list of unfair trade practices.

314. Wholesale Coal Industry

By members of the industry. Code effective Mar. 11, 1934. *Maximum Hours:* 40 a week. *Minimum Wages:* \$15 a week. Specifies method of adjusting wage schedules. Reclassification prohibited. *Other Important Provisions:* Contains clause against partnership interpretation. Specific regions may organize and operate under Regional Code Authority. Contains special provisions on marketing and lists unfair trade practices.

315. Industrial Safety Equipment Industry and Industrial Safety Equipment Trade

By Industrial Safety Equipment Association. Code effective Mar. 12, 1934. *Maximum Hours:* 40 a week. Certain specified exceptions. *Minimum Wages:* Men, 37¢. an hour; women, 32¢. an hour. Office workers, \$15 a week. Equitable adjustment of all wage schedules. Women get equal pay for equal work. Reclassification prohibited. Contains clause against partnership interpretation. Provides for uniform system of accounting and reporting. Permits the open price plan with 10-day time-lag. (This provision stayed by NRA pending further notice.) Complaints of code violations must be accompanied by \$25 "to apply against any expense of investigation." Lists among unfair trade practices inaccurate advertising, free samples, rebates, bribery, selling below cost. Consignments subject to approval of Code Authority.

316. Punch Board Manufacturing Industry

By National Association of Punch Board Manufacturers. Code effective Mar. 9, 1934. *Maximum Hours:* 40 a week, with tolerance of 15 weeks at 44 hours if time and one-third is paid for extra hours. *Minimum Wages:* Men, 40¢. an hour; women, 32¢/c. an hour. Office workers, \$16 a week. Equitable adjustment of all wage schedules. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Contains clause against partnership interpretation. Anticipates industrial planning and employment stabilization. Code Authority to establish standard cost accounting method. Sales

below cost barred. Lists among unfair trade practices misleading advertising, false invoices, rebates, bribery, combination sales, violation of established terms, consignments.

317. Vacuum Cleaner Manufacturing Industry

By Vacuum Cleaner Manufacturers Association. Approved Mar. 2, 1934. *Maximum Hours:* 40 a week, with tolerance of 6 weeks at 48 hours in any 6-month period. Certain specified exceptions. *Minimum Wages:* Men, 40¢. an hour; women, 36¢. an hour. Office workers, \$15 a week. Women get equal pay for equal work. Equitable adjustment of all wage schedules. Wholesale or retail commission salespeople "not receiving a base salary or guaranteed compensation" are excepted from minimum wage provisions. Reclassification prohibited. *Other Important Provisions:* Code Authority to provide standard cost accounting system. Bars sales below cost excepting when distress stocks, discontinued lines or seconds are concerned, which must be marketed subject to approval of Code Authority. Code Authority to study trade practices.

318. Wrecking and Salvage Industry

By Associated Wrecking and Salvage Contractors of the United States. Code effective Mar. 13, 1934. *Maximum Hours:* 40 a week. In metropolitan New York, 35 hours a week. Specified exceptions. *Minimum Wages:* In 8 Southern states, 30¢. an hour. In metropolitan Chicago, 50¢. an hour; in metropolitan New York, 70¢. an hour; elsewhere, 40¢. an hour. Office workers, \$13.50-\$15 a week. Specific regions or localities may establish separate hour and wage schedules subject to approval of the President. Permits Industrial Relations Board with equal representation of employers and employees. Code Authority to provide uniform cost accounting system, standard form of estimate, set up credit bureaus, establish rules on bidding, etc. Lists among unfair trade practices bribery, rebates, and various practices peculiar to the industry.

319. Newspaper Printing Press Industry

By Newspaper Printing Press Builders' Association. Code effective Mar. 15, 1934. *Maximum Hours:* 40 a week. Specified exceptions. Where shortage of skilled labor exists, extra hours are permitted at time and one-half. *Minimum Wages:* 40¢. an hour. Office workers, \$15 a week. Apprentices excepted. Equitable adjustment of all wage schedules. Reclassification prohibited. *Other Important Provisions:* Code Authority to establish uniform method of accounting and costing. Prohibits sales below cost with certain specified exceptions. Code Authority to establish method of determining trade-in allowances for used machinery. Lists among unfair trade practices delivery and installation services rendered without charge, placing machines on trial or rental (excepting newly-developed machinery), special discounts, taking advertising space to conceal a rebate, etc.

320. Hide and Leather Working Machine Industry

By National Hide and Leather Working Machine Association. Code effective Mar. 19, 1934. *Maximum Hours:* 40 a week. Specified exceptions. *Minimum Wages:* 40¢. an hour. Office workers, \$15 a week. Equitable adjustment of all wage schedules. Apprentices excepted. Reclassification prohibited. *Other Important Provisions:* Code Authority to formulate standard accounting and cost-finding system. Sales below cost prohibited excepting on discontinued lines, seconds, distress stocks, etc., that are disposed of under method approved by Code Authority. Among unfair trade practices prohibited are rebates, misleading advertising, bribery.

321. Rock and Slag Wool Manufacturing Industry

By National Association of Rock and Slag Wool Industries. Code effective Mar. 19, 1934. *Maximum Hours:* 40 a week, with tolerance of 6 weeks at 48 hours in any 6-month period with time and one-half for excess hours. Specified exceptions. *Minimum Wages:* North, 40¢. an hour; South, 35¢. an hour. Office workers, \$15 a week. Women get equal pay for equal work. Equitable adjustment of all wage schedules. Prohibits reduction of hourly rates, reclassification, payment of rebates from wages to employer or his agents. *Other Important Provisions:* Confidential information for Code Authority to be collected through independent agency. Specifies basic procedure for handling complaints, cost of investigation to be borne by complainant if found unjust and by violator if found guilty. Code Authority to study industry merchandising plans, simplification and standardization, exchange of credit information, conditions affecting stability of industry, and prepare plans for improvement. Contains clause against partnership interpretation.

Code Authority to formulate standard accounting and cost system. Provides for filing of price lists to become effective at once. Provides for publication of definitions of various classes of buyers and filing with Code Authority of lists of the various classes of buyers. Prohibits sales below "direct cost" as determined by specific procedure. Lists among unfair trade practices misleading advertising, bribery, rebates, premiums, price protection, consigned stocks, etc.

322. Earthenware Manufacturing Industry

By Earthenware Manufacturers Association. Code effective Mar. 23, 1934. *Maximum Hours:* 40 a week averaged over 13-week periods. Specified exceptions. *Minimum Wages:* Men, 40¢. an hour; women, 32¢. an hour. Office workers \$14-\$16 a week. In 11 Southern states, 80% of specified minima but not less than 30¢. an hour. Apprentices excepted. Specifies method of adjusting all wage rates. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Creates 3 industry divisions: Stoneware, Earthenware, Clay Flower Pot. Specifies geographical subdivisions for Stoneware and Flower Pot Divisions, each to have a Divisional Executive Committee. Contains clause against partnership interpretation. Code Authority to prescribe cost-finding method, standard provisions on cash discounts, terms of payment, etc. Provides for filing of price lists effective when filed. Bars sales below cost. Establishes certain industry standards. Among unfair trade practices prohibited are special concessions, rebates, false invoices, bribery, inaccurate advertising, price protection, certain other practices peculiar to the industry. Code Authority to establish standard qualifications of types of buyers. Consignments subject to approval of Code Authority.

323. Die Casting Manufacturing Industry

By American Die Casting Institute. Code effective Mar. 19, 1934. Continued participation of the American Die Casting Institute contingent upon amending its constitution and by-laws to satisfaction of the Administrator. *Maximum Hours:* 40 a week with tolerance of 6 weeks at 48 hours in any 6-month period. Specified exceptions. *Minimum Wages:* For light work, 32¢/c. an hour; other workers, 40¢. an hour. Office workers, \$14-\$15 a week. Women get equal pay for equal work. Equitable adjustment. *Other Important Provisions:* Code Authority to prescribe methods and conditions for reporting of prices. Contains clause against partnership interpretation. Code Authority to formulate accounting and cost-finding system and estimating procedure. When extensive price-cutting occurs, Code Authority to determine lowest reasonable cost of products and thereafter selling below that cost constitutes unfair trade practice. Lists among unfair trade practices inaccurate advertising, substitutions, violation of trade terms, bribery, false invoices, other practices peculiar to the industry.

324. Textile Print Roller Engraving Industry

By Master Engravers Guild. Code effective Mar. 19, 1934. *Maximum Hours:* 40 a week with tolerance of 12 weeks at 48 hours in any calendar year, subject to approval of Joint Industrial Relations Board. Specified exceptions. *Minimum Wages:* 40¢. an hour. Women get equal pay for equal work. No weekly wage rates to be reduced if weekly hours are cut by code 16½% or less. Reclassification prohibited. *Other Important Provisions:* Code Authority to formulate accounting and cost-finding system and estimating procedure. Provides for Joint Industrial Relations Board with equal representation of employers and employees. Among unfair trade practices prohibited are selling below cost, false invoices, bribery, rebates, sub-contracting excepting as specified.

325. Horseshoe and Allied Products Manufacturing Industry

By Horseshoe and Allied Products Manufacturers' Association. Code effective Mar. 19, 1934. *Maximum Hours:* 40 a week with tolerance of 4 weeks at 48 hours in any 6-month period. Specified exceptions. *Minimum Wages:* South, 30¢. an hour; North: Women in horseshoe nail branch, 35¢. an hour; all others, 40¢. an hour. Office workers, \$16 a week. Equitable adjustment of all wage schedules. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Code Authority to establish classifications and standards for quality of industry products. Provides for filing of price lists with 5-day time-lag. (This provision stayed by NRA pending further notice.) Lists among unfair trade practices violation of published prices and discount sheets, rebates, bribery, advertising allowances if made to selected customers only, style piracy, misleading advertising, price protection, false invoices, free services, selling below cost.

MAPI Gets an O. K.

Machinery code approval clears way for more hearings.

THE important code of the Machinery and Allied Products Institute (BW—Feb 10 '34), covering 39 industries, was finally approved this week, as the 3-45th code. It becomes effective Mar. 28, provides a 40-hour week, and minimum wages of 40¢ an hour, ranging downward to 36¢ in towns of less than 10,000 and to 32¢ in the Southern states, with wages for women at not less than 87½% of the male wages in the community. The code affects 42,022 employees, in industries that employed 93,999 in 1929. An important provision is that the MAPI group and the Automotive Parts and Equipment group study their two master codes and report within 60 days on changes in provision that overlap.

MAPI to Make Changes

The MAPI organization was formed last year for the purpose of obtaining uniform conditions in the allied industries in which many companies manufactured various products which otherwise would have to come under different codes and might have caused confusion in plants. The organization of the industry has not been entirely satisfactory to NRA and the approval of the code provided that provisions in the constitution and by-laws dealing with labor relations should be amended to the satisfaction of the Recovery Administration within 30 days.

Next week's code hearings include:

Mar. 26—dress manufacturing; tourist lodge and motor court; ice cream cone; grocery manufacturing; safety razor and blade manufacturing; concrete burial vault; salvaged building materials. Mar. 27—lumber and timber products; plastering and lathing; sanitary napkin and cleansing tissue; animal glue and gelatine distributing; needlework industry in Puerto Rico; artificial limb manufacturing; brattice cloth manufacturing. Mar. 28—insulin contractors; private home study schools; legitimate full length dramatic and musical theatrical industry. Mar. 29—shoe pattern manufacturing. Mar. 30—paper box machinery; window cleaning.

Compliance Teeth

Restriction of government contract bids to sworn code compliers strengthens NRA. New rule apparently lets Ford in.

A NEW Presidential order providing that certification of compliance with NRA codes must accompany all bids on government orders and on projects financed in part or wholly with federal funds has

CONGRATULATIONS TO OUR DESIGNER

Stanford Briggs, well known authority on industrial design and product styling.



WE congratulate you, Mr. Briggs. We believe that you have done a splendid job in your design for the new Cabinet Dictaphone.

We asked you for a cabinet that would be beautiful . . . yet businesslike. You gave it to us.

We asked for a model that would fit in with any type of office furnishings—one that looks well both open and closed. You met those specifications.

Finally, we asked for a design that would interpret the Dictaphone Model 12 . . . a cabinet with lines that suggested speed, simplicity, tireless efficiency—qualities for which the Dictaphone has long been famous. And here again, Mr. Briggs, you succeeded brilliantly. This new cabinet has the look of an instrument that actually does help a man double his ability to get things done.

To any interested executive we will send information and photographs of the new Cabinet Dictaphone—even if you are only interested in looking at an outstanding example of industrial design.

* DICTAPHONE

*The word Dictaphone is the registered Trade-mark of Dictaphone Corporation, makers of Dictating Machines and Accessories to which said Trade-mark is applied.

Dictaphone Sales Corp., 420 Lexington Ave., New York
Send me photographs of your new Cabinet Dictaphone.

Name

Company

Address T-1

provided some of the new teeth promised to compliance by General Johnson in his speech closing the recent NRA Code Authority Conference. Under the order, actual membership in an industry having a code is not required, but sworn certificates of compliance with code provisions are demanded.

New Provisions

The new order supplements that of last summer which provided that all such purchases must be from firms flying the Blue Eagle under the voluntary Presidential Recmployment Agreements. It eliminates those who do not follow the rules of the game, but it does not require full acceptance of code membership and thus apparently does not exclude verbal recalcitrants like Henry Ford, who has stated many times that

he complies with the code but does not subscribe to it. The sworn certificate of such firms is enough; there will be plenty of prosecution if the oath is proven false, \$500 and/or 6 months.

Suggestions have been made that another method of forcing compliance with codes might be to provide in all future and (by agreement or Presidential modification) in all existing codes that the code members would not purchase from firms that do not comply with their own code provisions. This plan has not reached any tangible state, but may come up for study later. It would be fully within the law, but the clamps which it would put on industrial buying will probably prevent its being taken up until American industry is still further under code rule.

Basic Food Code

Grocery manufacturers cut a fair practice pattern that 50 subdivisions will follow. They say it's either the open-price plan or open season for chiseling.

THE code for the grocery manufacturing industry, which has its public hearing on Mar. 26, is but a shadow of that formidable document, the "Master Code for the Food Industry," which confounded the wise heads of the AAA during early weeks of NIRA code-building. Trade leaders then had visions of collecting some of the advantages that they had for years been trying to obtain through the Federal Trade Commission. They hoped to get an over-all code of fair practice that would cover every basic function and activity in food manufacturing and distribution, and give the constructive factors a chance to wipe out the sniping and chiseling with which the industry is infected.

They have had to change their approach. Separate codes for the wholesale and the retail grocery trade were approved some time ago (*BW*—Jan 20, 27'34). The food brokers are staging their own code-hunting expedition. With those groups going on their own, it became evident that far-reaching reforms would have to be initiated by the grocery manufacturers as an independent unit, on the chance that they might receive a sympathetic cooperation from some of the affected branches of the trade and meet outright opposition from others.

Therefore, the code as now submitted "for the distribution functions of the grocery manufacturing industry" is de-

signed to give the industry a chance to cure some of the most flagrant trade evils by strengthening the hand of the food manufacturers—the source of goods which in the past have been subjected to so much price-juggling on their travels to the consumer.

Sets Standards for Trade

It is to become the basic pattern after which the numerous product branches of the food industry are to fashion their own codes. Leaders in every line agreed that with such extraordinary overlapping of interests as exists in this field, definite standards would have to be provided in a basic code before codes for separate product groups could be drawn.

Provisions of the basic code as submitted represent minimum requirements. No product group may call for less in its own code but, where necessary, it might tighten the meshes to meet its own job of catching the price chiseler.

This code differs from others in that it assumes that open-price selling is an indispensable requisite if fair practice provisions are to be enforced. Grocery manufacturers hold that there is little practical value to putting a lid on a can if there is no bottom to it. They argue that the lid—rules against secret rebates, split commissions, price discrimination, free deals, advertising allowances, etc.—is a mere scrap of paper unless, at the same time, the manufacturer is compelled to declare the bottom level of his prices by openly filing the lowest prices he will quote to various types of buyers.

Advertising Allotments

As drawn, the code is particularly specific on that pet smoke screen of the chronic chiseler, advertising allowances. Even in branches of the grocery trade where prices were presumed to be well stabilized, advertising allowances to big buyers, chains, voluntaries, groups, buying offices have made quoted prices a practical joke and left the bottom merely the point at which the best buyer of ad-



HELPING THE "LITTLE FELLOW"—The National Recovery Review Board was set up to protect small enterprises from monopolistic tendencies of codes. Left to right: Samuel C. Henry, Chicago; W. O. Thompson, New York; Clarence Darrow, chairman, Chicago; John F. Sinclair, New York; F. P. Mann, Sr., Devils Lake, N. D.; W. W. Neal, Marion, S. C.

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vertising allowances got tired. The supervising buyer of a nationally operating chain recently made the statement that if he used for actual advertising purposes all the allowances for advertising passed out to him by manufacturers, he would have to buy a flock of pages in every newspaper in which he now uses a few columns.

Allowance Control

It is freely admitted in the trade that there exists a legitimate place for advertising allowances, and no attempt will be made to interfere with any such concessions properly granted. But when the code becomes effective, buyer and seller must enter into a written contract covering such allowances, and the money will have to be spent as designated. Chiseling via the "allowances" route is expected to be less popular.

Manufacturers look for firmer prices all along the line, with possible reductions in the net average of prices because there will be no need to balance special concessions squeezed out of them by mass buyers by proportionately high prices to small ones.

Much benefit is expected from the use of the basic code as a pattern for the various product divisions of the industry, on the ground that this should result in a much-needed standardization of practices and in reduction or elimination of some pressing inter- and intra-industry problems. Manufacturers point out that practically every product group is in competition with the others, that with per capita consumption of food fairly well stabilized, all are competing for a slice out of a well-defined total. Unfair practices in one group immediately cause unfavorable reactions upon the others. Such disturbances, the trade declares, can be prevented or rectified only if certain fixed standards of practice are accepted by all and enforced when and as necessary.

Clearing House

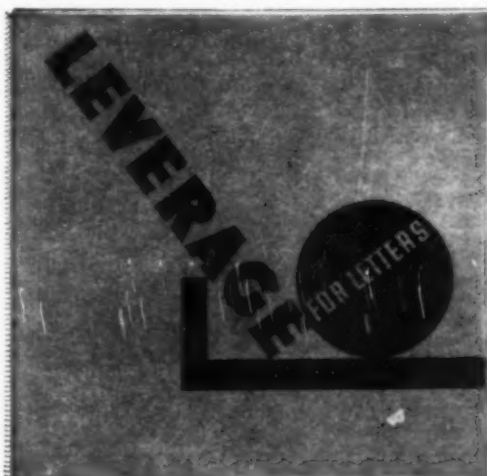
Proponents of the code are particularly optimistic over the influence that the proposed National Grocery Manufacturing Advisory Board will have in improving competitive practices and promoting compliance with the code. That board will be composed of representatives of the various subdivisions, perhaps 50 in all, that are expected to follow the pattern of the basic code. It will act as a clearing-house for information and a coordinating agency for members.

To assure the fullest understanding of code operation among those upon whom grocery manufacturers depend for the distribution of their products, the code also provides for a Food and Grocery Industry Conference Committee. This will be composed of grocery wholesalers, retailers and manufacturers, and will act as a planning and coordinating agency for the entire trade.

THERE'S SOMETHING WRONG



Good letters should pull better. They will, if you read "Leverage for Letters" and really use the ideas it contains about a new kind of letterhead. It's logical that these ideas for better letters should come from the Neenah Paper Company. For they make fine, impressive, rag-content bond papers that go a long way in themselves toward making letters do a good selling job. An executive may obtain a copy of "Leverage for Letters" by requesting it on his business letterhead.



● The best papers are made from rags. Identify rag-content quality by the Neenah Owl watermark appearing in the following brands, which constitute a range of grades and prices suitable for all business needs:

Old Council Tree Bond 100% Rag	Chieftain Bond 30% Rag
Success Bond 75% Rag	Neenah Bond 50% Rag
Conference Bond 65% Rag	Glacier Bond 25% Rag

NEENAH GUARANTEED BOND PAPERS



**"Let's hear the MUTUAL story
—if we can save money on it,
I want to know about it!"**

IT PAYS to be open minded about insurance. Over a million car owners know that—hundreds of thousands of employers, too—because over a period of years they have saved a substantial part of their automobile or compensation premiums in *mutual* companies.

It's a satisfactory thing to save on any overhead cost. When you can do that and still have the protection of companies of the highest rating—with ample financial resources—it is something you ought to know about.

What Mutual Insurance Is

A *mutual* insurance company, whether it writes life, fire or casualty insurance, differs in organization and principle from other types of insurance carriers. Policyholders have to come first. There are no stockholders. The *mutual* plan is older than any other form of insurance.

Over \$107,000,000 Saved in Ten Years

A small group of companies—members of The National Association of Mutual Casualty Companies—has returned \$107,994,478 to policyholders in the past ten years. These 22 selected leaders—all capably managed, legal reserve organizations, write 69 per cent of all the mutual casualty business of the country. Policyholders of these companies,

year after year, have saved a considerable part of their premiums.

This saving has been effected by exercising care in selecting risks—by intelligent effort to keep accidents, and therefore losses, down to a minimum—by operating with strict economy.

Free—Valuable Insurance Information

In 24 pages, the plan, principles and operation of the oldest form of insurance are told in plain, non-technical words. Any business man can profit by it. There is no obligation involved. A list of Association companies is included.

A majority of the largest buyers of insurance protection are *mutually* protected. The same advantages are available to you. Why not learn about this safe and sane method of saving?

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This Seal may be used only by member companies of the Association. It is a guide to any employer or car owner interested in reducing costs with safety.

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Sound and economical protection on the following risks: accident • automobile (all forms) • burglary and theft • fidelity • liability (all forms) • plate glass • property damage • workmen's compensation

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National Ass'n of Mutual Casualty Companies,
230 North Michigan Avenue, Chicago, Ill.

Kindly send me your booklet giving names of Association companies, and an outline of the benefits they offer.

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Street _____
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Communications Code

Wire companies find NRA aiming at competitive practices.

NRA has set a hearing date (April 2) for the makeshift code filed by the communications industry last year in order that it might obtain at that time an exemption as to working hours and wages under the PRA (Blue Eagle) regulations. This is the first time that one of these frankly temporary codes, filed for technical reasons, has been set for hearing.

Over half the telegraph business in the communications industry is controlled by Western Union, and no code could be presented without that company's support. Such support was given to the temporary code, providing for a 48-hour week and \$12-\$15 wages, but these provisions were called "wholly unsatisfactory" by NRA, though accepted for temporary exemption under the Blue Eagle.

Hearings Opposed

Since that time, efforts to hold a hearing have been opposed, chiefly by the Western Union, which asked postponement until the report of the committee studying communications unification for the President had been submitted. Further delay was asked last week on account of the hearings now in progress on the Senate communications investigation. General Johnson is said to have ordered the code called for hearing, on the ground that the requests for delay were specious.

Unless the status is changed by action of the companies, the old code will be heard, rewritten in NRA and, if then refused, may become the first imposed code under NIRA.

Airing Competition

Debate has centered around the hours and wages provisions, but when the hearing is held it is expected that the whole question of the terms of competition between the Western Union and the Postal will be aired. Among competitive practices up for NRA discussion are the payment, by each of the 2 companies, of \$40,000 annual rent for counters in New York's Waldorf-Astoria, and maintenance of competitive offices in smaller cities. NRA contends that a combination of effort in towns under 5,000 might result in the opening of telegraph service in many more towns without reduction in employees. Clearing up these conditions and bringing the cable companies into a united front against the foreign government-owned telegraph monopolies which play them against each other with expensive results would make possible the paying of higher wages and giving better hours in this country without the heavy losses resulting from present conditions. At least, that's the NRA slant on it.

Copper Stalemate

Code for the copper industry falls between two schools.

Tough as the metal which it produces, the copper industry is continuing to match its tensile strength against the pull of NRA effort toward codification, and after a tug-of-war that has outlasted that of any other basic industry, the score must still be recorded by the proverbial goose egg.

Last week there were high hopes of an early agreement, chiefly based on the premises that a code tossed into the arena by no less a personage than the NRA Administrator (*BW*—Mar 17 '34) could hardly be sent back for major alterations or redesigning. But the unexpected has happened. The code has had its day in court—and gone back to the shop for further tuning up.

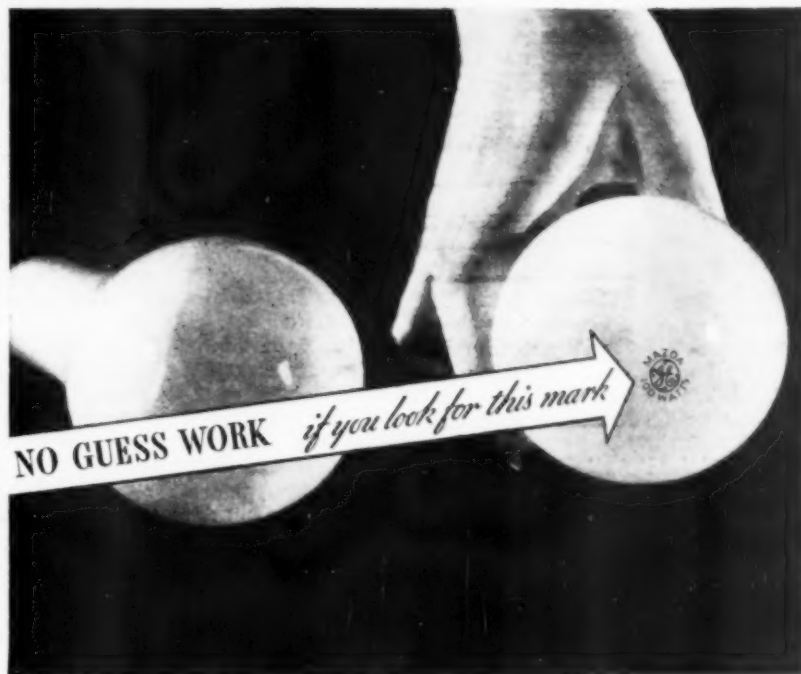
Division of Interests


Stripped down to fundamentals, the battle over a copper code is a battle between conservatives and progressives, between one school which holds that mining is the sole objective of a copper concern and another that would impose upon the producer some responsibility in connection with the ultimate consumer of the product. Adherents to the old-school principle, low-cost producers and the smaller operators can make money under present conditions and don't care particularly what happens to the other fellows. Even under drastic reductions in volume they can get by. Concerns that have engaged in long-term planning, have huge investments in research activities, production equipment for specialized products, and fabricating units, are not so happy. They see in provisions of the proposed code which would pro-rate buying a straight sell-out to their competitors, by which the latter would get the benefit of the measures they have taken to insure a market for the products of their mines.

Stumbling Blocks

The hearing just closed brought forth expressions unprecedentedly plain, clear-cut, ominous. Colloquy between Administrator H. O. King and C. F. Kelly of Anaconda made it apparent that vertical integration of Anaconda as a holding company operating mines and fabricating units requiring large volume is one of the stumbling blocks. Surplus stocks that are still overhanging the market also defied the ingenuity of the code makers, some being willing to freeze them if their mines might increase output to cover present needs, others obviously preferring to maintain a trading position. Administrator King once more has turned toward private conferences with individual operators or small groups in his indefatigable effort to bring the copper industry under an NRA code.

Make your Lamps show their Credentials



WHEN you buy an incandescent lamp you are investing in a device for turning electric current into light. The cost of the lamp itself is only a fraction of the total cost of light. That is why it is so important to look for an identifying mark of quality on every lamp you buy for your office, your factory, or your home. When you buy lamps that bear this famous mark  you are sure of getting all the light you pay for.



CHECK UP ON YOUR LIGHTING

This amazing little instrument measures light as accurately as a thermometer measures heat. It indicates how much light you need for various visual tasks in office or factory. Ask your lighting company for a demonstration, or write General Electric, Nela Park, Cleveland, Ohio.

EDISON MAZDA LAMPS

GENERAL ELECTRIC

Stewart-Warner Rejuvenation

New management cleans up the entire organization and sues for alleged excesses in bonuses and salaries.

As the vernal sunshine stirs in the housewife's bosom desires for spring cleaning, so does a brighter outlook for business urge many companies to a deferred purification in management. Before proceeding with bug-guns and vacuums the latter group would do well to study what has happened to the Stewart-Warner Corp., once the largest maker of automobile accessories. A new set of executives has swept out predecessors who were accused of being too engrossed in their own fortunes to bother about cobwebs. Clean air blows through open windows, washed linen flutters on the line, skeletons dragged from closets have been decently interred.

Drastic Remedies

The present management was voted into control at an exciting stockholders' meeting last June. It has since reorganized capital structure, accounting, manufacturing, selling, and distribution. Ousted officials recently were sued by the corporation for over \$1 million which they are alleged to have given themselves in excess bonuses and salaries. The vigorous reforms, aided by general improvement, produced a 70% increase in sales (over 1932) for the last half of 1933, a 139% increase for the first 2 months of 1934. Realistic accounting showed a net loss of \$1,791,000 for 1933 (it was \$2,445,000 in 1932 and \$1,830,000 in 1931), but stockholders are given hope for future dividends.

The original weakness of Stewart-Warner resulted from a too easy prosperity. Early patents gave it practically a monopoly on vacuum tanks and speedometers for automobiles. Sales soared inevitably with demand for cars. The only problem was to meet orders. There was no need to organize an efficient selling organization and go forth vulgarly to solicit business.

Nemesis

Unfortunately such industrial Edens are transitory. Stewart-Warner patents expired. Rival speedometers appeared. Their manufacturers went after business hammer and tongs. General Motors' A. C. Spark Plug unit developed a fuel pump to replace the vacuum tank. Demand for the original Stewart-Warner products waned but little real effort was made to create new lines. Total sales during 1927 and 1928 showed a persistent vitality for reasons that should have been disturbing. Disappearing profit on auto accessories was masked in consolidated figures by advances in Alemite's lubricating equipment business.

Alemite had been acquired by Stewart-

Warner several years previously. Ironically, while Alemite transfusions were sustaining the dividend flow, this unit was the nucleus of a movement which was destined to overturn the old timers. One force was Joseph E. Otis, Jr., son of a Chicago banker and Alemite head; another was Oscar U. Zerk, former Austrian soldier, Alemite inventor, a large stockholder in Stewart-Warner.

Let's Diversify

These were men whose lives and interests were wrapped in the destiny of Stewart-Warner. It galled them to watch the maneuvers of the "Four Horsemen," to hear allegations of stockholders that the 4 latter were more interested in stock gyrations than in company sales. The four officers criticized are L. H. LaChance, chairman of the board; C. B. Smith, president; V. R. Bucklin and W. J. Zucker, vice-presidents.

There had been angry demands that Stewart-Warner go into new products.

"All right," the officers finally said, "We'll diversify for you."

Something unfortunate happened to every experiment. The radio field was invaded but products were not available while the fever was highest. In 1931 the company went into production of colored motion picture film, later into motion picture cameras. Both were dismal flops, have since been abandoned. Then it tried refrigerators. But company-built units were not available until the 1933 selling season had passed. In no case was there an effective sales organization to push the new goods. The blight

of self-selling vacuum tanks and speedometers was still there, though car-makers were replacing vacuum tanks with fuel pumps.

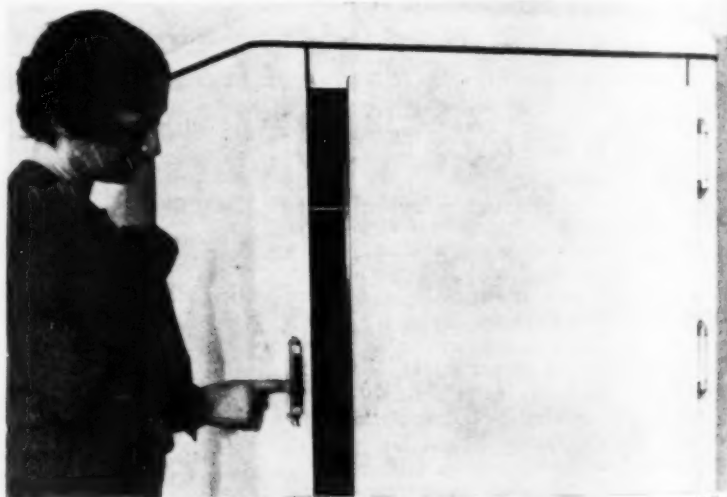
As red ink spread it acted on minority stockholders and executives as that color does on a bull. The rebels came charging into last June's annual meeting to unseat the "Four Horsemen." Enough new directors were elected to make that band a minority. Mr. Zucker resigned voluntarily. Messrs. Smith, Bucklin, and LaChance retired "by request."

Mr. Otis was elected president. He had built the aggressive selling organization which created and preserved Alemite's success. Extension of this sales drive to the entire corporation already has shown results. Through reorganization and intelligent merchandising, refrigerator sales for the first 2 months of 1934 exceeded the production of 1933. While completely revamping all activities of finance and production, the new management found time to attend to the men whom it considered responsible for Stewart-Warner's decline.

The Bonus Habit

The four executives had indulged extensively in the bonus habit. The corporation now sues them in Chicago for the return of over \$1 million. According to the complaint, the 4 officers based their early bonuses on profits after federal tax reserves. It is charged that after 1917 bonuses were based on profits before deduction of such tax reserves; that prior to 1929 they were based on consolidated net profits; that thereafter the bonuses were on profits of individual subsidiaries, while losses by other units were ignored.

The annual report of the new management is a model of clarity, realism, and determination. It admits that the directors have performed a "major op-



FEATHER-TOUCH DOOR—Stewart-Warner's new refrigerator has no handle on the door, which springs open at a touch. Housewives need only an elbow to open it, can lock it against the youngest generation.

eration." One amputation was a charge against surplus of \$2,262,759 to cover accumulated items that should have been charged off from year to year, revaluation of non-operating properties at replacement value, loss from disposal of machines and tools not now needed. Surplus balance remaining is \$660,829. But the report states grimly that this is not enough; a further write-off of \$2,400,000 is necessary. To meet this, stockholders are requested to reduce par value of shares from \$10 to \$5. Surplus will stand at \$4,495,064.

Canners' Agreements

AAA won't try to allocate the vegetable pack this year. Growers get minimum prices.

ATTEMPTS to curb production in the canning industry through allocation of pack have been abandoned for this year. From the beginning allocation provisions met with strong rebuffs, tied up marketing agreements (especially those relating to peas and corn), so many canners breathed easier when AAA announced that fair allocation this year would be impossible on the basis of available statistics.

In preparation for possible allocation next year, however, agreements sent out last week for signature by the industry provide for records from each canner on this season's pack.

The 1934 agreement stipulates that minimum prices to corn growers will be figured by adding 40% to last year's average contract prices in each price district if under \$7 a gross ton, 35% if over, with a minimum increase of \$2 a ton. Contract prices to pea growers for each variety must average at least \$6.50 a ton more than in 1933. Canners must pay off their growers at a date no later than they did last year, with a deadline of Dec. 1 for peas and Dec. 31 for corn.

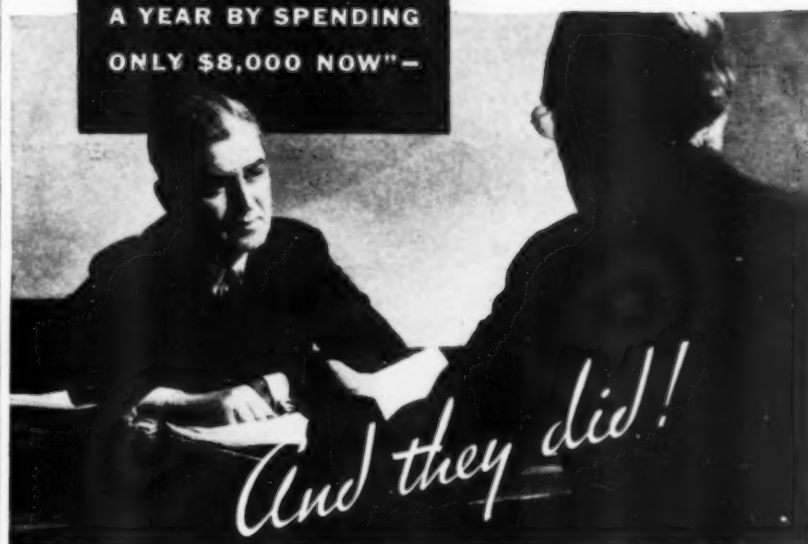
Tentatively Approved

Pending receipt of enough signatures to the pea and corn agreements to assure an effective program, Secretary Wallace has approved them tentatively. They cover a 2-year period, are open to adjustment.

The proposed tomato canning agreement involves the same general control setup as used for peas and corn, and would establish flat prices to growers in the 18 price districts, ranging from a top of \$13 in New Jersey down to \$9 in Colorado, Utah, and Michigan.

The California asparagus canning industry's license went into effect Mar. 6, while the sour cherry canners now have a price-fixing agreement for the 1933 carry-over crop in their hands for signature, and AAA is considering a proposed marketing agreement for kraut packers.

**"YOU'LL SAVE \$35,000
A YEAR BY SPENDING
ONLY \$8,000 NOW"—**



THE managing director of the northern textile mill leaned forward. "Are you sure we can cut our production costs with more complete temperature control?" he asked.

"Will it help us reduce spoilage, maintain more uniform quality, and increase production?" inquired the mill superintendent.

Their visitor was a Taylor representative. "I don't know," he replied frankly. "Let me look around."

After a thorough survey of the mill, he reported: "The modern control we can give you will do what you ask. It will cost about \$8,000. I estimate that you will save around \$35,000 a year."

Results: They put in the Taylor Temperature Control System. It saved between \$33,000 and \$35,000 a year.

How About Your Mill?

In textile mills, oil refineries, bakeries, breweries, canneries, paper mills and leading plants of America's ma-

jor industries are accurate, durable Taylor Instruments for indicating, recording and controlling the exact temperature needed to produce the best product at the lowest cost.

What about the temperature control equipment in your own plant today? Be sure it is complete . . . modern . . . efficient . . . economical. A Taylor representative can quickly help you determine this, no matter what industry you are in. At his service and yours is 80 years' experience in designing and installing temperature instruments of all types to meet specific needs.

Use This Special Service

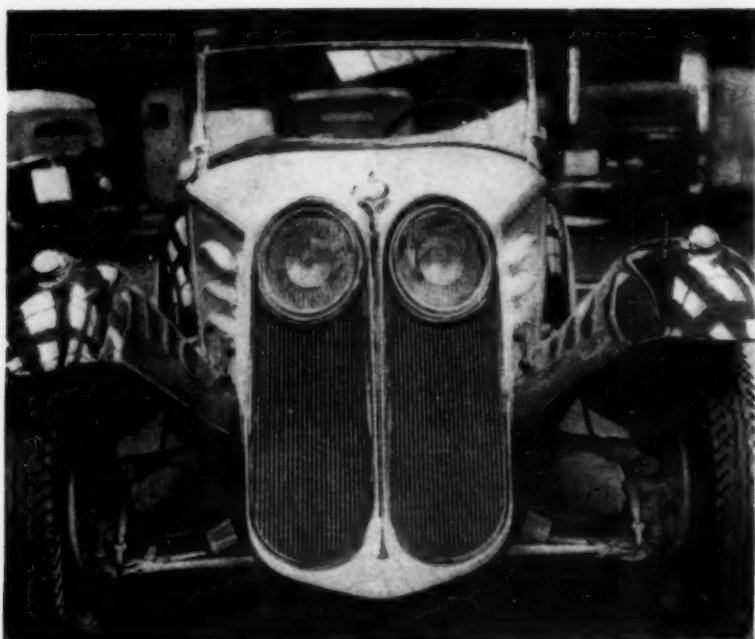
Let us know your temperature problems. Or just ask us to check present equipment. Send for a Taylor Man and for more information on Taylor Temperature and pressure control. For this vital service, address Taylor Instrument Companies, Rochester, N. Y., or Toronto, Canada.

Taylor 

Indicating Recording • Controlling

TEMPERATURE and PRESSURE INSTRUMENTS

The name Taylor now identifies our complete line of products, including Tyco instruments.



AT THE BERLIN SHOW—This light car is notable for incorporation of head-lights in the radiator shell. Note, also, independent wheel suspension.

Exchange Control—Second Effort

Drastic provisions of market regulation act are softened in revision. Reserve Board gets credit control in the revision but Trade Commission stays on the driver's seat. "Deflationary" sections are out.

COGNIZANCE has been taken of the protests which overwhelmed the Fletcher-Rayburn Stock Exchange bill by the introduction of a revised draft which bears the earmarks of intimate discussion with the Treasury, Federal Reserve Board, the Federal Trade Commission, and others. Yet, despite a substantial list of concessions to critics who appeared before the Senate and House committees, in substance the bill retains the far-reaching control and regulatory provisions embodied in the original draft.

The Federal Trade Commission, enlarged by two members, continues to be entrusted with the administration of the act, though credit operations are placed under the control of the Federal Reserve Board. This meets only partially the criticism of the banker. The President is authorized to divide the membership of the commission into as many divisions as he sees fit. This arrangement is expected to permit the administration of the security exchanges by a special division of the Trade Commission.

In order to meet the criticism that the original bill was deflationary, limitations of margin requirements for new securities will not apply to those now outstanding, until Jan. 31, 1939. In this

connection, the Federal Reserve Board is asked to study the feasibility of other methods for determining margins, such as fixing values on the basis of earnings, as proposed by the Twentieth Century Fund.

The limit of credit extension is 40% of the market price or 100% of the lowest price within 3 years, whichever is higher. This replaces the alternative in the original bill of 80% of the lowest price in 3 years. The Federal Reserve Board is given power to raise margin requirements and, under extraordinary circumstances, to lower them.

A New Distinction

More flexible provisions are introduced in the limitations upon any person loaning on a security more than it is lawful for a broker to loan initially. Unlike the original bill, the new draft provides separate limitations on the maintenance of margins as distinct from the initial extension of credit. The board may prescribe margin requirements, subject to the limitation that credit maintained may not exceed whichever is the higher, 60% of market price or 100% of the lowest price within 3 years, but in no case more than 85% of the current market price. Substitution

of collateral is permitted if in such manner as not to evade these requirements.

Borrowing from others than member banks of the Federal Reserve system may be permitted by the Federal Reserve Board.

Hypothecation of customer's security, except when free of liens, is forbidden.

Important changes are made with respect to the specialists. They are no longer forbidden to execute market orders, but are forbidden to effect discretionary orders. Instead of being confined to brokerage activities, a specialist is required to be either a broker or dealer exclusively.

Unlisted Stocks

The original bill prohibited dealing on exchanges in unregistered securities. A new provision empowers the commission to allow the continuance of unlisted trading in securities up to Mar. 1, 1939. The commission is expected to make some recommendation to Congress on the problem of trading in unlisted securities. Sections requiring listed corporations to file registration statements, regulating their accounting methods and compelling them to file statements are retained.

The provision in the original bill making it unlawful for directors, officers, or principal security holders to speculate in equity securities over a period of less than 6 months has been eliminated, but the profits of such speculation are still recoverable by the issuer. Provisions which made it unlawful for a director, officer, or principal security holder to disclose confidential information regarding the company's financial condition, and which made a recipient of such information liable to the corporation for any profit he may have made, have been left out of the revision.

Important Changes

The burden of proof with respect to liability for misleading statements is no longer placed upon the defendant, a showing of good faith being sufficient. Recovery is confined to the actual damage sustained by reliance upon such statements, instead of the difference between the price at which the plaintiff bought or sold the securities or highest price within three months. The action must be brought within two years.

Loan for Moscow

Sweden plans \$26-million loan to Russia, to be spent in Sweden for manufactured goods.

RUSSIA has the oldest government in Europe and is one of the very few governments whose credit record still is perfect, yet only this year is it about to receive its first forthright foreign loan. Sweden has introduced a bill in the Swedish Parliament which would pro-

vide a loan of about \$26 millions to the Soviets, the proceeds to be spent in Sweden. The loan will bear interest at 5½%, will be amortized between 1939 and 1941.

There has been loans of a sort to Russia before this. Foreigners, including a rapidly growing number of Americans, have bought Soviet bonds in the last few years. These bonds are really special offerings of big internal Soviet issues which have been offered as gold bonds in various countries. A year ago, the issue then being sold carried 10% interest. The present issue now being offered in the United States carries 7%. There are rumors that a new offering will be on the market before the end of the year, probably paying less than 7%. Total value of these bonds marketed abroad is estimated at not more than \$15 millions.

In addition to these special bond offers, various governments have guaranteed export credits for their nationals. Britain, Germany, and Italy are outstanding examples. Longest credit in any case has been less than 5 years; average is nearer 21 months. Soviet commercial paper, which used to sell at a discount of as much as 30%, is now discounted at about 11%.

The Swedish scheme has not yet been ratified but is expected to be soon. Sweden has long done a profitable business with its neighbor though it must be admitted that Russia has become an important competitor in world markets for timber products. Swedes have bought fruit and petroleum products from Russia in fair volume; have sold Moscow large orders of tools, machinery, electrical appliances, and ferrous metals.

Deserting Berlin

New York department stores close or curtail their Berlin buying offices as Jewish boycott spreads.

WHATEVER other claims to distinction it has, New York is first of all the largest Jewish city in the world.

In itself this is sufficient explanation for the announcement this week by three of the city's largest department stores (Macy, Gimbel and Bloomingdale) that they will discontinue or vastly curtail their large purchasing offices in Berlin. The boycott of German goods may have made little headway in completely Gentile parts of the United States, but Jews generally are backing the idea wholeheartedly. Alert to customer demand, the New York stores have finally bowed to the boycott. When R. H. Macy & Co. made its announcement concerning the move, store officials declared that purchases from Germany for the 6 months ending in February had declined to \$2,800, in contrast to orders amount-

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ing to \$127,000 in the same period a year ago. Woolworth officials (despite the fact they have a chain of 5¢ and 10¢ stores in Germany) announced during the week that they would discontinue the sale of German goods in their American stores because of growing public opposition. Less than 5% of all Woolworth items are purchased abroad, and many of these come from countries other than Germany.

It is not easy to trace the effectiveness of the boycott on Germany. American imports from that country for the 6 months ending in December increased only 30% compared with increases of 110% in the imports from the United Kingdom, of 52% from Canada, of 44% from France, and 37% from Brazil. But imports from other impor-

tant suppliers during the same period declined. The market for Japanese goods increased only 21%, for Cuban imports only 15%, for Italian only 5%.

Germany is not pleased with the foreign trade outlook. In both January and February the country ran an unfavorable trade balance. This is the first time in 5 years that the trade balance in February has been unfavorable to Germany. Dr. Schacht, financial authority in the Hitler government, has already suggested that Germany will be forced to cut imports drastically unless the trade balance improves or Germany is able to secure credit abroad to make the purchases. Germany is ordinarily the fourth best foreign market for American goods, the Germans taking large quantities of cotton, copper, fruit, and lard.

Cable Row

Commercial cable and radio users appeal to Washington for return to old rates and creation of a federal review board where cases can be aired in the future.

TO THE general problem of bringing the country's vast communications systems under a federal board of control has been added recently a specific case calling for government attention.

A few weeks ago Washington became aware of the fact that there was now in existence a Cable and Radio Users' Protective Committee. It had been formed in New York about the end of 1933 by representatives of more than 50 banks, brokerage houses, stock exchange and commodity firms, and import and export houses.

Ask Regulation

In an appeal to the President's committee which is studying a plan for the regulation of the country's communications system, the committee declared that there was a monopoly in the transatlantic cable and radio service, that there is no governmental body in this country to which the public can appeal when it feels it is the victim of monopolistic control, and that there is a real necessity for the prompt establishment of such a regulatory body.

The complaint dates back to the international communications conference in Madrid in 1932. At that time, all members agreed to certain rate increases to be effective this year. Word of these increases was sent to American users in December. Outstanding in the rate changes were discontinuance of weekend rates, an increase in the night letter rate, and the substitution of 5-letter code words for 10-letter words, which nearly doubled the rate on the type of messages most used by brokerage and commodity houses in their ordinary business over

the cables. The new rates became effective Jan. 1.

There is in the landing licenses of the American cable companies a clause which stipulates that the government has the power to intervene if the question of "just and reliable" service arises. This, the Protective Committee contends, is the basis on which the government can intervene in the present case, for the new rates were not submitted to the government before they became operative.

The radio and cable companies involved include All-American Cables, Commercial Cable Co., French Telegraph Cable Co., Mackay Radio & Telegraph Co., R.C.A. Communications, Inc., and the Western Union Telegraph Co. Replying for the group, to the accusations, J. C. Willever made a few terse remarks on the situation:

"We wish to make the point that the committee represents a very small, but vociferous, number of stock brokers; arbitragers, and dealers in foreign exchange, who are here concerned solely in the perpetuation of the grossly discriminatory service secured by them to the detriment of the public at large who, under the laws of this country, are entitled to equal service at the same rates.

Need Special Service

"The concerns represented are engaged in international speculative transactions in stocks, commodities, and international exchange, and they require for their particular purposes not merely priority service but most extraordinary handling throughout and almost instantaneous flashing between sender and addressee in order to beat market changes.

"They demanded the adoption of one special short cut after another until now messages are passed between stock brokers in New York City and stock brokers in London, Paris, and Amsterdam in less than a minute. Speculative purchases or sale orders are given, executed abroad, and the results of the deal telegraphed back in two minutes or even less. There is no other communication service which approximates this performance anywhere in the world and the exaction of it at the ordinary rate through the stress of cutthroat competition constitutes as clear a case of racketeering as any other."

Senate Hearings

This is about where the situation stands now. A Senate committee is conducting hearings in Washington on the much larger case of the need for the creation of a federal control board to rationalize expensively competing services in this country. Europe's communications systems are government monopolies. Canada is considering, for economy and efficiency, the merging of the various units in the Dominion. Washington is being urged to take at least a first step in this direction.

In the meantime, the plaintiffs will be pleased if the airing secures them a revision of rates. Neutral observers doubt their ability to win their case.

Foreign Trade Plans

With Soviet trade delegation due in New York soon, manufacturers are looking to Peek to expound plans for Export-Import Banks.

WITH a Soviet trade delegation expected in New York very soon "to explore the possibilities for further trade with the United States" now that the Export-Import Bank for Soviet business has been set up, executives are looking to Washington for "first moves."

Peek policy is likely to be expounded shortly, for visitors to Washington in the last month know that the wily foreign trade advisor to the President has been saying little, absorbing much, laying plans.

That these plans will incorporate a large degree of interdepartmental cooperation is a foregone conclusion. The general EIB almost surely is going to have a first-class research department. It is the foundation on which the EIB will function. Peek believes in balanced trade. He believes also in cultivating foreign markets carefully after thorough study of the wants of the foreign consumer. He knows his problem and he has his plan of attack worked out. When the Russian delegates present their plans, they are likely to be confronted with an American set equally detailed, and equally well-balanced. In

fact, there is some little speculation over the possibility that Soviet-American business under the New Deal is being delayed until the full allotment of credit for 6 months or a year can be allocated to various orders. If this is true, it is likely that orders will be bunched and announced at one time.

Knitting Revival

Smart promotion by yarn companies brings back wartime fad.

THE Versailles Treaty abrogated a fad for crocheting and knitting founded on war emotions. Its products may have been slightly cockeyed at times but there was patriotism in every dropped stitch. Now women all over the country are again madly knitting. Makers of wool yarns report that sales are close to wartime levels. Bernhard Ulmann Co., one of the big yarn manufacturers, has been a leader in promoting the new fad, reports a 33% increase in its knitting yarn sales over last year.

In a breath-taking zoom American promoters nominated the smartest person in all the world—H.R.H., David, Prince of Wales—to carry the banner. A letter to His Highness suggested that he endorse the knitting movement and thereby increase demand for the Empire's wool. Propagandists were astonished a little later to learn that, instead of merely endorsing knitting, the Prince was practicing it. Scarves knitted by him and Prince George were reverently displayed at Queen Mary's Needlework Guild in 1929. In Paris, the couturier Schiaparelli helped by setting indigent Russian aristocrats to knitting fish-net sweaters. Such de-luxe magazines as *Harper's Bazar* and *Vogue* began to blossom out with stories suggesting that it was exceedingly smart to do one's own knitting. Fashion pages of newspapers took it up. Demand began to stir. Prominent American women were induced to start knitting.

Educational Campaign

Publicity was backed with education. Stores had to be convinced there was money in the idea; customers had to be shown that knitted garments were fashionable, and educated to the different stitches. Style shows with live mannequins traveled the states; demonstrators (mostly young college graduates wearing snappy knit models) were specially trained to teach the revived art in retail needlework departments. They proved that, with the necessary finger-work and \$6 worth of yarn, women could make dresses as good as those retailing at \$100.

Principal cooperators with the Ulmann company in the drive are Fleisher Yarn, Inc., Columbia Yarns, William H. Horstmann Co., Minerva Yarns.

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Business Abroad

Rome continues as political center of Europe. Austria, Hungary, and Italy agree to attempt closer trade relations. Germany threatens interest cut unless markets are opened. French business lags. Britain holds large foreign orders from Russia and China.

Europe

EUROPEAN NEWS BUREAU—(Cable)—Rome held its place all week as the center of European international politics.

Mussolini's meeting with the heads of the Austrian and Hungarian governments brought the expected results. In a series of preliminary agreements, Rome, Budapest, and Vienna agree to cooperate in forming a series of bilateral treaties to further trade with each other. Italy suggests a special treaty with hard-pressed Austria in which the Italians will grant special preferences on certain manufactured goods which Austria needs to sell abroad. The agreement with Hungary will aim to find an outlet for Hungarian wheat. The present proposals will be developed into specific treaties before May 15.

Britain is relieved at the news but not very confident that Italy can provide the outlets needed by the two central European states. France, no doubt confident that the plan will not work too well and give Italy extensive power in Central Europe, is backing Rome in this effort to keep Germany out of Austria. Yugoslavia, consistently antagonistic to everything Italian, is not especially happy about the arrangement. Germany naturally resents the fact that Mussolini has, at least temporarily, spoiled plans for union with Austria.

Germany Curbed

It is too soon to appraise the outcome. If Italy can carry out the scheme that is proposed, it is entirely possible that Austria's independence will be preserved and German expansion to the southeast curbed. But doubts are widespread that Italy can meet all the demands for wider markets for Austrian and Hungarian goods rapidly enough to save those countries from further economic disintegration. Germany, obviously, is the natural outlet, but there is none in Europe eager to see it developed under Hitler.

Mussolini's second declaration was obviously intended for home consumption. It was the statement made before the assembly of Fascist leaders in Rome that in a new 60-year program which will "give Italy the primacy of the world," the country will turn to an exploitation of resources in Asia and in Africa. France, competitor for areas in Africa, immediately turned alert. For the time being, foreign reactions were hushed.

Berlin was second only to Rome in news interest during the week. Of first importance to Germans was Chancellor Hitler's outline of the second year's plan to reduce unemployment in Germany which included no new ideas but

large new grants of government funds to continue the tax refund program, road construction, and "subsidized marriages."

More important to the outside world was the announcement by Dr. Schacht that Germany would not much longer be able to meet even the present curtailed interest transfer unless the way is opened for larger German exports (see "Germany").

Germany

Hitler announces projects in new drive on unemployment. Schacht warns that Germany cannot maintain interest transfers.

BERLIN (Cable)—Standing dramatically in a dump cart and surrounded by 5,000 recently unemployed Germans now attached to one of the great road-building projects not far from the Austrian border, Chancellor Hitler this week, on the anniversary of the "Day of Potsdam," revealed his re-employment program for the second year of Hitlerism.

Housewives left their kitchens to listen to the broadcast. Travelers heard the plans on trains, street corners, or in hotels. Industry paused for 45 minutes so that every worker could know what the Leader proposes to do in the next 12 months.

There were no new ideas; only new funds to enlarge on plans which have been worked more or less successfully in the last year. Another \$60 millions are set aside for loans to young couples who wish to marry. As women leave industry, vacancies are made for jobless men. As homes are established there is a new demand for consumer goods.

Tax Refunds

Almost \$120 millions are set aside for tax loan certificates, which is another way of providing German business with credit and of drawing more men into jobs through the government's tax refund subsidy to industrialists who will reemploy men.

Finally, another \$260 millions are set aside for road construction.

Second only to this all-important address by Hitler was the pronouncement of Dr. Hjalmar Schacht, head of the Reichsbank, in an address before the American Chamber of Commerce in Berlin. Pointing to the decline in the gold reserve of the Reichsbank in the last few weeks to the point where there is barely 8% cover for the currency, and to dwindling exports with a resulting unfavorable trade balance, Dr. Schacht declared that Germany will be forced

soon to reduce the rate of interest paid on outstanding long-term debts, or to reduce the debt. Sole alternative is the enlargement of foreign markets for German exports.

Reaction abroad was immediate. German bonds dropped seriously. The mark turned weak. Foreign creditors immediately construed the statements as a warning from Germans of propositions to be submitted in April at the meeting of German creditors. Forecast as long as a year ago, creditors have succeeded in forestalling the move so far. The outlook for another success at the April meeting is not bright.

Berlin heard with some concern this week of the move of 4 New York department and chain stores to discontinue purchases of German goods because of the persistence of the boycott (page 29). It was strikingly in contrast with Dr. Schacht's warning: "Whether Germany is regarded in the outside world with sympathy or antipathy is wholly immaterial in comparison with the fact that the abstention of 66 million first-class consumers from the world's markets would spell disaster to world economy." Only the United Kingdom, Canada, and Japan bought more in the United States last year than Germany.

France

Paris starts campaign to prevent hoarding. Export wheat bounty continued, despite ineffectiveness last year.

PARIS (Wireless)—Conditions in France are less favorable this week, without any new factors having developed.

Internal hoarding has developed to the point where the press is undertaking a campaign to drive wealth back into circulation. The announcement this week that the Dutch, through Mendelssohn & Co., of Amsterdam, have undertaken to place 100 million florins worth of 3-month French Treasury bonds on the market may have been engineered with the intention of reviving French confidence in the franc, but it is at the same time an indication of the apprehension at home over the national situation.

Contributing to the problem of national finance is the new announcement from the government that it will again attempt to aid the farmer in disposing of a bumper wheat crop by offering an export bounty. Taxpayers are alarmed and only a few farmers expect much relief from the offer. Every prospect now points to a third bumper wheat crop in as many years. Last year, with a government bounty of almost \$1 (gold) a bushel, French farmers were able to dispose of less than 600,000 quintals abroad out of a total wheat surplus of 40 million quintals. This is, in fact, half the yearly consumption in France. Confronted with these facts, French politicians blandly reply that they have provided everything but the buyers for the sur-



SOVIET OIL—Greatest Soviet oil fields are in the Caucasus. Here is a part of the Baku well area along the Black Sea. Since 1930, Russia has been second only to the United States in the production of oil. Largest purchasers of Soviet oil are Great Britain, Italy, and France.

International News

plus, and it will take two or three months for the farmers to realize that the situation is no better than it was last year.

With the country's foreign trade for the first two months of this year at record lows, there is growing alarm over the inability of the delegates at London to come to terms with the British on trade between the two countries. Britain is holding out for full restoration of the British share in French quotas without making full concessions to French products on the British market.

A few stray signs of improvement in the metallurgical industry have developed during the week, but textiles, coal, and most other industries are disappointingly lethargic.

Great Britain

Industries busy; large foreign steel orders. Growing alarm over complicated political situation on Continent. London sets the pace for slum clearance and model housing.

LONDON (Cable)—British business recovery is strikingly reflected in the country's iron and steel industry. Five more furnaces were blown in during February, bringing the total to 90. Daily steel ingot production increased 7.8%; pig output jumped 4%. Sir Arthur Balfour, in a recent statement to a small group

in New York, is reported to have declared that the British steel industry faces a scrap shortage of about 1 million tons.

If the surface tone of business is good, there is a disturbing undertone of anxiety. Mussolini's conferences in Rome last week have upset the political apple cart. British observers see in Rome's references to "Italian expansion in Africa and in Asia" more of a threat to French imperial policy than an assurance to the neighboring French satellite Yugoslavia.

Intimately acquainted with the needs of the Continental countries, and with their peculiarities, the British are not inclined to believe that Italy can offer a lasting solution to the problem in Central Europe, fine as Mussolini's gesture may be. Even if Italy's concessions are greater than most foreigners believe they can be in view of Italy's nationalistic policies, the Italian market is not expected to be able to absorb enough of the produce of Hungary and Austria to solve the economic crisis in these two states. And any great success along this line would be bound to rouse French antagonism. Current sympathy on the part of Paris is no doubt due to a full understanding of the situation and complete confidence that Italy can succeed in no large way.

Germany has been deliberately flouted. No doubt Berlin is as well aware of the probability of Italian failure in solving the problem as Paris. This will not ease German resentment at the interference.

These are the current political highlights on the Continent which have disturbed London this week. While there is little fear that there will be any immediate outbreak, there is the full realization that the stage is perfectly set and that something may break any time.

Stock markets have rallied from their first shock, and prices are firm following further encouraging reports from large industries. Chemical, tobacco, and motor shares are in demand. Oil and rubber shares are firm.

More Soviet Orders

Foreign orders created a stir in the market this week. From Moscow, 3 big British firms have secured orders for steel tubes worth £1 million, with an option on an additional £1 million later. Manufacturers recalled this week that Russia, according to terms of the recent Anglo-Soviet trade pact, agreed to increase orders in Britain or expect to lose at least a part of the favorable balance of trade which they have enjoyed with England for many years.

Also received this week by the steel industry was an order for 10,000 tons of rails for the Canton-Hankow railway in China, and another for 7,000 tons of rails for the Shantung railways, both for June delivery. In this case also, there is a probability of a further order, possibly for £20,000 of machine tools.

All Britain is interested in the new impetus to slum clearance given by the victory in the London elections of the Labor party. Housing and slum clearance top the list of Labor's program for London and no time is likely to be lost in getting projects under way.

If the national government had not already made plans to carry out similar schemes for the country as a whole, it would be forced by the present development in London to do so, for no central government would be able to stand if London slums were cleared but no improvement made in such centers as Liverpool, Manchester, and Birmingham.

The government, however, has lost no time in making a move which has been contemplated for years. A 5-year program for slum clearance and new housing is outlined which will provide small houses to rent at 6s to 8s a week, and flats for 9s to 12s, and which will employ 115,000 workmen for 5 years.

Canada

Government not to force interest reductions. Banking investigation rivals mass buying revelations. British Columbia asks for power to regulate business.

OTTAWA—Canada will not seek relief from financial stress through repudiation or default of its obligations. The Ottawa government will not indulge in any arbitrary lowering of interest rates on its debts.

Radical and Liberal proposals looking to the cutting of interest obligations on federal indebtedness were emphatically rejected by Prime Minister Bennett in the House of Commons this week. As-

serting that the proposals amounted to repudiation, Mr. Bennett promised that Canada would not have recourse to any such measures so long as he remained in office. Canada, he held, could not afford such treatment since it was on the eve of an era of great development and would require to borrow extensively.

Mr. Bennett made it known that no large voluntary conversion of federal bonds would be undertaken before 1937, when tax-free war bonds mature. He insisted that a way must be found to overcome the annual deficits of Canadian National Railways which drained the Federal Treasury of close to \$1½ millions a week.

Credit Comes First

The Prime Minister's statement is regarded as the final answer to a strenuous advocacy by financial reformers of radical measures for relieving the country's debt burden. In some quarters it has been proposed that federal, provincial and municipal debts be consolidated, but the Prime Minister takes the position that no modification in the security behind these obligations could properly be made without consent of the bondholders, who are scattered throughout the world. The primary concern of the Ottawa government continues to be the maintenance of the national credit.

With the depression breaking, Parliament is busy attempting to find out who were principally responsible for it. The chain and department stores and sweatshop manufacturers who have been under the probe of a special House of Commons committee now have a rival for public attention in the Canadian bankers. The Commons' banking committee is calling before it Sir Herbert Holt, Sir Charles Borden, and other heads of the great chartered banks to demand from them explanations of the operations of interlocking directorates of banks, trust companies, and industrial corporations and to ask them what, if anything, the banks did to combat the depression and how far they were responsible for deflation. More specifically, the bankers are to be required to reveal their relations with the western wheat pools and their part in the over capitalization and development of the pulp and paper industry. The government's guarantee of the recent C.P.R. \$60-million bank loan is to be investigated.

British Columbia in Trouble

The Province of British Columbia's burden of public debt has piled up over two or three decades and through successive waves of governmental extravagance. Now publicists in Vancouver and others are saying that the province is bankrupt, and a new provincial government is contemplating drastic measures in an effort to find a way out.

In a bill now before the British Columbian legislature, Premier Patullo is asking for special powers to manage, develop, or sell the natural resources of the province, the right to borrow money, and the power to lend money to municipalities and industries. At the same time he is looking to the federal government to assist him in meeting the province's interest payments until he can get the situation in control.

Far East

Japan expands sales abroad. South Manchuria Railway withdraws from many fields of enterprise in Manchukuo so that independent Japanese capital can enter. High wool prices cause boom in Australia.

JAPANESE business has been seasonally dull in recent weeks though cotton yarn and textile production continue to expand. Exports of these products for the first 20 days of February showed an increase of 31% over the same period last year. Unofficial reports indicate that the heaviest gains were in European countries, the Philippines, Central and South America. It is also unofficially reported that there has been unusual activity in the movement of sundry goods and toys in recent weeks, particularly to the United States. The silk and rayon industries, on the other hand, are depressed. The silk trade is pessimistic over the American market consumption figures, and rayon production is still expanding though stocks are mounting.

Both wholesale and retail prices in Japan gained slightly during February. The Bank of Japan's wholesale price index for February registered a gain of 1 point over January. This is the first upward move recorded in 5 months.

Foreigners are watching closely the 4 bills which have been introduced in the Diet for the regulation of foreign trade. These bills are designed to give the gov-

ernment the power to raise tariffs up to 100% in cases where action is taken abroad against Japanese goods; are not unlike the powers which President Roosevelt is asking in the United States.

Japanese enterprise in Manchukuo is going to expand on new lines as a result of action recently taken by the South Manchuria Railway which has, until very recently, controlled virtually all of the capital investments in the old Chinese territory known as Manchuria. At a recent meeting of the directors of the railroad, it was decided that all enterprises in the new state except railways, collieries, iron manufacturing, and harbor business would be set aside for development by Japanese capital other than through S.M.R. initiative.

Until now the S.M.R. has had under direct and indirect control 64 business concerns of different kinds. Opposition was once raised against the way in which this company monopolized various profitable projects, for as long as the railway organization held first place in such industries, it prevented money from other Japanese sources from entering the country.

Australian Prosperity

Australia has been optimistic in recent weeks as results of the season's wool sales mounted almost to the level of the record 1927-28 boom. High prices this season have enabled many growers to wipe out indebtedness which had accumulated during the depression. Trade unionists in the country are watching the return of prosperity with more than usual interest. As a part of the New Deal which Australia inaugurated long before most others had started constructive action, labor accepted a 10% wage sacrifice in the general arbitration court. It is now believed that the time has come to restore previous rates.

Employers intend to combat the application to the last. Unions, if they fail to win their case in the courts, are expected to resort to the strike.

Latin America

Colombia pays commercial debts. Cuban unrest under control. Argentina has its Stavisky affair.

LATIN AMERICA is quiet, but mending slowly.

Reports from Colombia continue to be more favorable. Liquidation of outstanding commercial obligations is continuing at a rapid rate. Current drafts are being met with but little delay.

Reports from Venezuela of the death of the President were false. Business has settled back to normal with this confirmation.

Cuba is still unsettled but there is less fear this week that the government will be unable to maintain order.

Chile is profiting from large sales of nitrate and from better prices for copper.

Argentina is faced with several local financial scandals not unlike the Stavisky affair in France, though less important and not likely to cause such widespread unsettlement.



Staff photo

LEONID MIKHAILOVICH TOLOKONSKY—Soviet Russia's first consul general in the United States arrived in New York Wednesday. His office will handle the usual business of facilitating trade and travel between the two countries.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

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Dry skim milk is a food which should be on the shelves of every grocery store, thinks Dr. Louise Stanley, chief of the Bureau of Home Economics. A semi-perishable product, it needs a small low-cost container. The Dairy Bureau, testing glassine-lined paper bags, finds them suitable.

Two new inner tubes are announced by Goodrich: one has a layer of abrasion-resisting rubber vulcanized on the inside circumference to stand the chafing; the other has a layer of plastic gum rubber inside which flows into any hole, prevents loss of air.

FEDDERS MANUFACTURING CO. makes automobile radiators, other heat transfer appliances, now enters the steel beer barrel field after 9 months of investigation among the brewers. The resultant Fedders barrel stacks easily, retains its pitch lining, rolls true, and handles easily because of its specially deep chime for a full finger grip.

A NEW furnace burns coal in sticks, loaded into a revolving magazine. The firebox is little larger than a silk hat, but hot enough to heat a house. (See news item and picture).

GENERAL ELECTRIC has just announced a combination radio for use in both the automobile and the home, camp or hotel. It is all electric, entirely self contained, needs only to be plugged into automobile or home a.c. system. (See photo).

JOHNSON & JOHNSON think their new Drybak adhesive plaster is the greatest advance in such things in 25 years. The backcloth is a special fabric, impregnated to be waterproof. The smooth surface and suntan color make it stay clean longer. The waterproof factor makes it useful outdoors as well as surgically.

IMPERIAL PAPER & COLOR CORP. announces a patented process by which wallpaper is made washable without change in appearance or increase in cost. Waterproofing is through the adhesive which binds the colors to the paper.

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Money and the Markets

Silver markets show no enthusiasm for the Dies Bill. Stocks sag, under strike threats. Bonds are weak, German issues leading decline.

Money and Banking

UNDER the guise of farm relief, the House took the bit between its teeth and against the frowns of the Treasury passed the Dies silver bill by the impressive vote of 257 to 112. The bill creates the Agricultural Surplus Exchange Board with power to exchange surplus farm products for foreign silver, pay a premium of 25% above the world's market price for silver but limits annual premium payments to \$400,000,000.

The tangled interests that support and oppose silver measures variously analyze the act as (1) a subsidy to silver, (2) a subsidy to the farmer, (3) a dumping measure.

The notion that the act will greatly assist silver prices here was dissipated when prices in New York declined in spite of news that the Dies Act has passed the House. The act obviously is not a monetary measure and will affect bullion silver, held in this country, only indirectly. From that standpoint it is unsatisfactory to the silver crowd and will not check enthusiastic supporters of the Fiesinger Act, which provides for the purchase of 1.5 billion oz. of silver.

From the standpoint of farm relief it is easy to see why the bill captivates representatives from the agrarian dis-

tricts. Harassed statesmen, about to return home to mend their political fences, embraced the measure as farm relief unencumbered with the intricacies of acreage reduction. It would enable the farmer to dispose of his agricultural surplus at higher prices.

According to the oversimplified philosophy of the sponsors of this bill, a Chinese merchant would buy 25% more American cotton or other agricultural commodities than the market price of his silver would provide. The flaw in this argument is that China does not pay for American goods in silver, she pays for foreign goods with the goods she exports. In fact, China, not being a silver-producing country, buys her silver with goods, hence the rise in the price of silver would have the effect of decreasing foreign purchases by China. When the Treasury raised the price of gold it intended to promote exports and discourage imports. The rise in silver would have the same effect for China. It would discourage our export to China.

Invites Reprisals

There is much ground for the contention that the Dies Bill is a dumping measure in that it enables purchases of our commodities at lower than the domestic prices. Most countries attempt to protect their nationals from this prac-

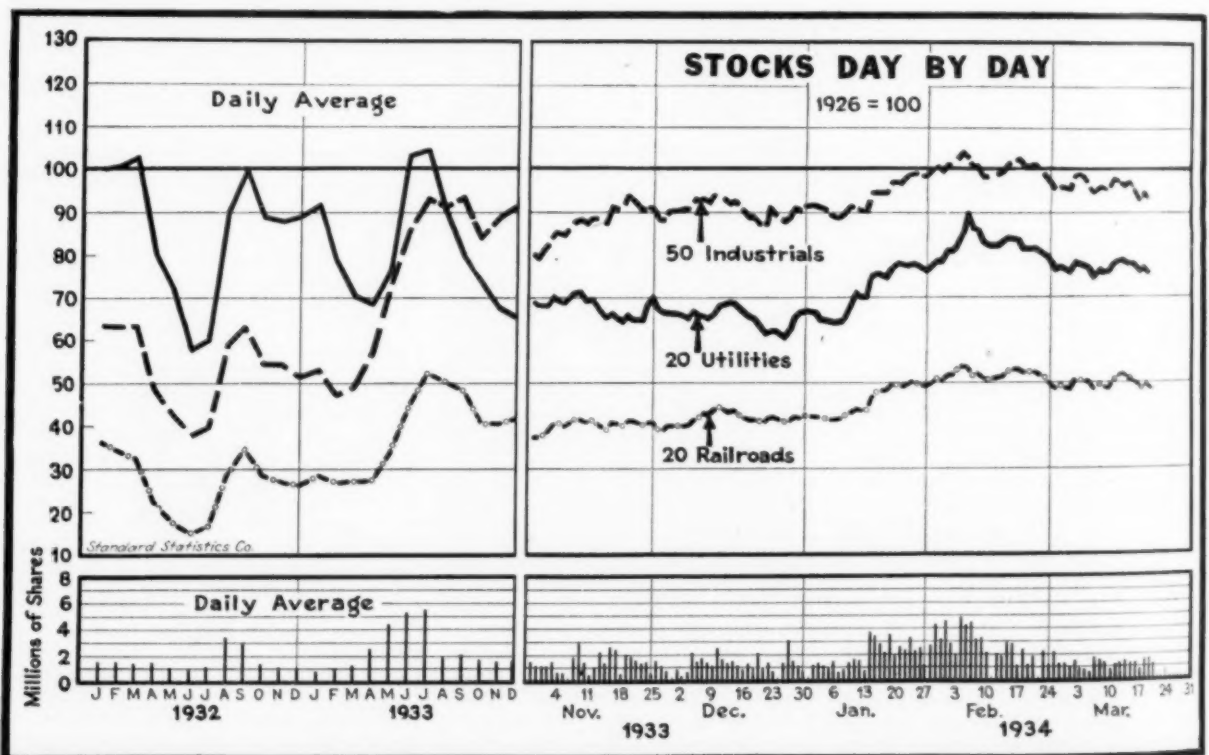
tice. This feature makes the bill especially objectionable.

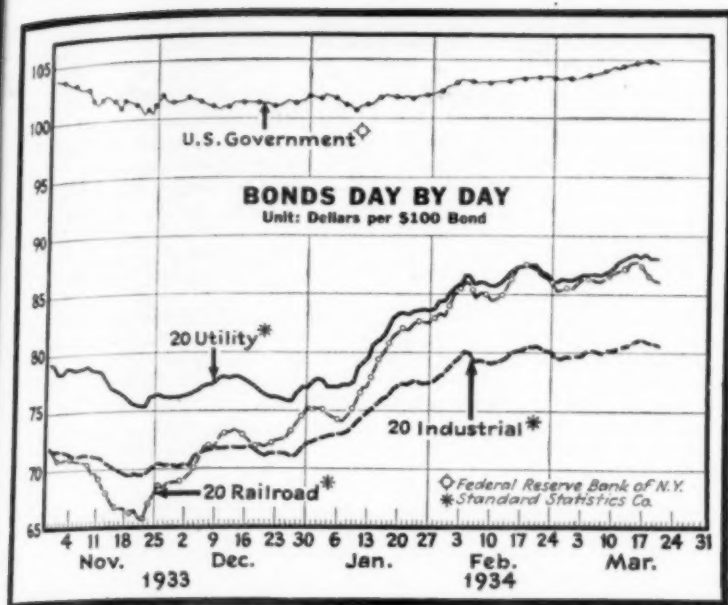
Passage of the Dies Bill was not wholly unexpected, though it strikes at the prestige of the Administration. A recent inquiry by the Treasury, intended to reveal who holds silver and who would benefit by the agitation for higher prices, was obviously designed to head off the storm. Mr. Morgenthau's subsequent statement to the press, hinting that he had found advocates of silver legislation who were not wholly "disinterested" angered the Washington statesmen and probably contributed much to bring the issue to the fore. As a last moment defense, the Treasury announced that it will send Professor James Harvey Rogers to China on a silver fact-finding mission. The move was pronounced "the height of asinine" by Senator Wheeler of Montana, but it did have the effect of sidetracking action on the Fiesinger Bill.

Just a Reminder

Though the vote in favor of the bill was unexpectedly large, the measure is not expected to become a law. It may pass the Senate but faces a probable Presidential veto. Even the proponents of the proposal do not expect it to become a law but they see in it an emphatic reminder to the President that he must do something for silver.

One market controversy has been settled and one left open by the developments of the week. After quarreling with the AAA for almost a year, the grain exchanges have accepted their code and it has been signed by the President. But the argument over stock exchange control has not been quieted by the revised bill introduced this week.





The new bill liberalizes some of the rigid requirements of the original draft but Wall Street is not pleased. Provisions for control of specialists and margin requirements appear to be specially distasteful.

Meanwhile, the Street is watching with keen interest a tendency toward increased activity in the capital market. A few minor issues of municipal bonds are being successfully floated. The Federal Reserve Board's proposal, with Presidential backing, of a new system of regional credit banks is meeting general approval as filling a void in the financial structure. There is strong hope that the medium-term credit, thus made available to the small fellow, may help to start the durable goods industry out of the slough.

Bonds

The continued strength of the bond market, which had been one of the strongest pillars of recovery, was rudely disturbed during the week. All classes of bonds turned down sharply. U. S. government bonds were lower, utilities moved sidewise with a tendency to sag, and industrials and railroads suffered severe declines.

Most disquieting in the foreign bond situation was the statement by Dr. Hjalmar Schacht, president of the Reichsbank, that improvement in world trade depends on severe reduction of German external indebtedness. This sounds ominous to American holders of German bonds. Intimations now appear that the Reichsbank president contemplates a write-down of the indebtedness of German corporations. His appearance before directors of Bank for International Settlements at Basle did nothing to allay apprehension of German bondholders. His explanations there left the bankers unsatisfied and uneasy. German bonds have led in the downward turn.

On the whole, the turn in the bond market need not be taken too seriously. The bond market has gone a long way up in a very short time. More and more bonds are beginning to appear at prices above 90 than has been the case for some time.

Earnings Are Better

Excellent earning statements of corporations have transferred many bonds from the highly risky class to the medium grades. The January earnings statement of railroads is a case in point and certainly fails to justify any loss of faith in railroad securities. Net operating revenues for Class I railroads in January, at \$62 millions, was \$17.3 millions higher than in January last year, an increase of 38.5%. The net railway operating income, at \$30.9 millions, contrasts with a gloomy \$13.6 millions in January last year, an increase of 127.7%. Of course these figures compare with one of the worst months in railroad earning history, but even when contrasted with preceding years, the January earning statement is impressive.

Idle Funds

Another factor that tends to minimize the significance of the week's slump in bonds is the large accumulation of idle funds in banks and in insurance companies which must press for investment. The statement of the Federal Reserve banks gives some illuminating evidence. Member banks' reserve deposits have now reached \$3 billions with excess deposits around \$1 billion. Member banks are continually paying off their obligations; as evidence, note that loans (bills discounted) to member banks have shrunk to \$55 millions contrasted with \$1 billion this time last year. Moreover, the Federal Reserve Bank finds it increasingly hard to hold on to its bankers' acceptances, which have now shrunk to \$37 millions compared with \$403 millions held at this time last year.

These idle funds must seek investments. To them must be added the constant pressure of purchases now coming from abroad.

In this connection it must be remembered that the steadily improved position of the Treasury makes certain a lower coupon on government issues, which will set the standard for the high grade list. The abnormally low rate on short-time paper also must have its ultimate effect on the long term bond market. Finally the absence of new issues jams available funds into the present security market.

No wonder then that financial services continue to recommend the purchase of high and medium grade bonds.

Stocks

THE moderate upturn of the stock market last week was rather in the nature of a teaser. After coyly looking up, the fickle market abruptly turned downward. Industrials and utilities were pronouncedly weak. Railroad securities, while sagging off, have not lost as much ground as the industrials.

Stock prices have been receding since the first week in February but for the last 5 weeks have fluctuated in a rather narrow trading area. This in spite of a fairly strong undercurrent in wholesale prices, and a cessation of the gyrations in foreign exchange rates giving every indication that the dollar has settled within a reasonably narrow range. The influx of gold has ceased, monetary changes are not important factors in the outlook for business activity any more, and industrial activity continues strong especially in view of this week's excellent increase in building activity.

A Conflict

Clearly then, the stock market at this time is colliding with what appears to be a reasonably good outlook. The importance of the stock market as a barometer at this time is minimized because trading is not in large volume and price movements are narrow. The Street would like to hang recent declines on the alleged uncertainties accompanying the coming of a deflationary stock exchange bill. On the whole, the relation is dubious.

A cloud is cast over corporate earnings prospects by labor troubles on the horizon. Railroads, the motor industry, and widely scattered cities report strikes in progress or in prospect. President Roosevelt's last moment intervention in the labor disputes of the motor industry and the railroads has not wholly eliminated the threat of damage to the hard won advance in business activity. One shrewd observer has pointed out that the threat to corporate earnings comes from labor disputes, not from compliance with the Roosevelt doctrine of adequate wages. If the last year has shown anything at all, it is that raising wages does not destroy earnings. In fact earnings seem to fatten on high payrolls. At present, industry is unduly scared. The outlook is propitious for reasonable earnings and higher stock prices.

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Commodity Markets

THE wholesale commodity price index was subjected to no important change during the week. Its tendency was to sag off slightly. Internal regrouping continues. Group averages for grain and chemicals went slightly higher, while textiles, food, fuels, and paint materials were subjected to net declines.

Prices of farm products are now about the same as they were a month ago following the sharp advance from mid-January to mid-February. Cotton and meat animals have been fairly steady; grain prices have declined slightly; butter, fruits and vegetables have continued to advance. Butter prices are at the highest level in over 2 years with a sympathetic advance in cheese. Eggs, though seasonally lower, are well above last year. Cattle prices, after a heavy slaughtering season, remain firm. The sharp rise in hog prices early in February has been maintained with slight weakening in recent weeks. Potatoes and tobacco are higher than last month.

Farm Buying Power Up

The index of farm prices now stands at around 76, about the same as last July and contrasting with the record low of 49 in February, 1933. The index of prices paid by the farmer stands at 118 in February compared with 107 in July and 101 on February 1, 1933. This represents a 55% rise in farm prices from a year ago compared with a rise of 17% in prices paid by farmers. So the purchasing power of farm products at this time is 31% above last year.

The general level of wholesale prices stands 23% above last year. The non-agricultural products (other than farm and food) have risen 19%. Foods have gone up 26% and farm products have risen 55%. Textile products have advanced 50%.

How has the advance of gold prices

effected basic commodities? The answer is not altogether conclusive as yet. A simple average of wholesale prices of 10 important export commodities shows an advance of 50% since April, 1933, compared with a rise of 70% in 10 important imports, and a gain of 68% in the dollar price of gold in London. On these 20 export and import commodities, prices have risen approximately twice as much for non-foods as for food products. Price changes have been wide: rubber rose 200%; wool and tin, 100%; sugar, only 11%. The import commodities included in the calculation were: raw silk, coffee, rubber, sugar, cocoa beans, cheese, hides, wool, flaxseed and tin. The export commodities included cotton, wheat, tobacco, lard, rice, apples, prunes, raisins, copper and lead.

The wholesale price index in terms of currencies of 8 foreign countries which normally take 75% of our agricultural exports, were 69% of the 1926 average compared with 66% in April. If adjustment is made for the lower dollar exchange rate the index is 84 for January, instead of 69.

Wholesale prices in Canada and England have advanced to the highest level in over 2 years. The German level remains unchanged and prices in Italy and France have declined.

The Bankhead cotton control bill, designed to put teeth in the Administration production-control program, was passed by the House by the impressive vote of 251 to 114. It provides for the allocation of quotas of a maximum 10-million bale crop to cotton-producing states. Farmers would be given tax-exempt certificates for the number of marketable bales allotted to them. Excess production would cost them a 50% tax.



Editorially Speaking—

VAGUE hints of an international monetary system come from Basle. The Bank for International Settlements has named a special committee ostensibly to study gold movements, and devise a method of minimizing their influence on monetary values. But some think the committee is scenting down other alleys, that an international money system will be framed for the time when President Roosevelt and Europe are ready to talk stabilization. At present the Bank is powerless to regulate gold movements, even though all that these movements achieve could be as well attained by cross entries on the books at Basle.

Just when the Department of Agriculture appears convinced that continental American sugar production is "uneconomic and inefficient," the United States Sugar Co. turns up grinding 4,200 tons of cane sugar a day down in Florida, with plans to produce about 250,000 bags this season. The low sucrose content of Everglades sugar has been largely offset by getting a tonnage yield per acre twice that of Cuban growth. The industry exists behind a tariff wall, and a 663-mile storm-tide protection levee on Lake Okeechobee's south shore.

LAST week Chicago housewives had a chance to compare leading electric refrigerators side by side. Happy over record sales in the Windy City last year, manufacturers, cooperating with Commonwealth Edison Co.'s electric shop, got within speaking distance of each other and displayed their principal models. It was the most extensive showing Chicago had ever seen.

ANENT Chicago, Rufus Dawes and company announce sales of exhibit space for the 1934 World's Fair have passed the announced goal, are confident attendance also will overreach the mark set. Advance ticket sales up to the middle of March have exceeded a million, or more than the entire pre-opening sale in 1933. Hotel reservations are larger too. And so the opening date was moved up from June 1 to May 26.

CRITICISM of company bonuses hasn't deterred directors of General American Transportation Corp. from deciding (subject to stockholder approval) to give such rewards to deserving employees. With a \$65-million investment in refrigerator, tank, and stock cars, General American has made profits in excess of dividends each year of the depression. Poorest year in a decade was 1932, with profits of \$1,639,000. Last year showed a substantial increase. The plan applies for 3 years, and only in case earnings exceed \$3 a share, or

\$2,365,000 on the basis of present capitalization. Distribution to selected employees of up to 1% of total outstanding shares would be possible.

IN case General Johnson is wondering, the National Retail Dry Goods Association reports that a survey among its 4,500 member stores throughout the country shows the nation still cheering for NRA. Roughly 80% of the responding members said definitely that the NRA has helped their business, also that of their community. Nearly 70% felt that the public in their territories was strongly behind the NRA, and 86% wanted it continued, at least in modified or amended form. Continued business recovery was predicted by some 78%.

"BACK to grass and forage" is what the Department of Agriculture calls its pretentious new long-time drive to turn 50 million cultivated acres into pasture. It has the support of livestock and dairy interests, and is expected (among other things) to stop soil erosion, add to soil fertility. Benefit payments will be made to farmers who might be harmed in contributing to the plan. Seed supply will limit conversion at the start to 3 million acres annually.

WHEAT farmers are getting benefit payments too, will have received \$66 millions for the crop they never harvested when the final checks on the 20¢ payment go out. They had got nearly \$62 millions to Mar. 15. The money went to 746,476 farmers in 37 states, covered a large part of the contracts to reduce wheat acreage 15% to meet the world wheat agreement. They will get another 8¢ a bushel, or about \$18 millions, when they turn in proof of compliance with their contracts to cut acreage.

"THE Holy Roller family" has nothing to do with religion, roller coasters, etc. It is, strangely enough, a line of beach items, including robes, lounge suits, jackets, and trunks, sponsored by William L. Barrel, Inc., for summer trade. No doubt plenty of smart people can give plenty of smart replies to the question: Why did Mr. Barrel (if there is a Mr. Barrel) select "the Holy Roller family" as a name for his cotton goods?

WHEN does modern equipment really pay? Transportation Coordinator Eastman is getting under way an official investigation to determine if, when, and to what extent modern machinery contributes to reduction in costs. The study is centered on New York Central shop equipment, and is for the benefit of the entire railroad industry.

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BUSINESS WEEK

The Journal of Business News and Interpretation

MARCH 24, 1934

Labor in Detroit

The people of this country will rightly be indignant with any group that precipitates industrial warfare at this critical time, attempting to advance its special interests at peril to the general welfare.

A serious strike in the automobile industry now would throw out of employment, directly, a half million men. What its indirect effects would be are incalculable. They would reach back in a straight line through the railroads to the mines, the cotton fields, and the oil wells. They would spread laterally through hundreds of industries that supply consumer goods to men now employed. It is automobile production which has been imparting much of the vitality to such business improvement as we have had; it is hard to imagine any disaster which would convert recovery into retreat more quickly or effectively than a shutdown in Detroit.

Of course that is why the trouble arises just now; it is effective strategy to embarrass factories when they are busy and it is stupid to strike when work is slack. If the workers in the automobile industry had a grievance, the public might deplore, but it would understand and perhaps forgive such tactics.

But it is impossible to escape the belief that American Federation of Labor leaders, not the workers themselves, are responsible for the threat which has hung over the country for the past two weeks. Indeed, the A. F. of L. leader in command in Detroit fairly boasted as much. The strike, he proclaimed, was to be "not fundamentally for better working conditions or pay increases, but for the enforcement of 7a."

That is plain enough. It fixes the blame conclusively. What the Federation means by "enforcement of 7a" is, of course, union recognition and the closed shop—the closed shop eventually, if not at once. And what it

also is thinking about is an estimated \$6 millions a year in dues which might be collected in Detroit, a gorgeous war chest for extending its efforts elsewhere. But as anyone who has read Section 7a of the Recovery Act knows, there is nothing in it which calls for recognition of the A. F. of L. And strikes at this time which are "not fundamentally for better working conditions or pay increases" are inexcusable.

The record of the automobile industry in its dealings with labor is good. It was good before the Recovery Act, and since that enactment, with prudence, and foresight, the automobile companies have done a great deal to attempt to ensure satisfactory relations with employees. Wages, not merely rates per hour, but weekly earnings, are back close to 1929 levels, while the cost of living is not as high, by an appreciable margin, as it was then. Wherever serious complaints have arisen among the workers, there has been, as nearly as outsiders may judge, a sincere effort to reach amicable adjustment.

It may be true as charged that the employers inspired the works council plan of collective bargaining. That does not seem a vital point, if the plan was satisfactory to a large majority of the employees.

All intelligent men believe in collective bargaining, which includes the right of workers to organize. And it is possible for open-minded men to debate the best form of worker organization.

But it is not possible to debate whether the beginnings of business recovery, affecting 120 million people, shall be staked on the question. The labor leadership which incites followers to quit work in the world's best-paid industry for such a cause is unintelligent and dangerous leadership, whether it be selfish and arrogant, or ever so sincere.

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